

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 20, 2025

NEW ISSUE - FULL BOOK-ENTRY

RATING: Standard & Poor's: "AA+"

See "RATING" herein.

In the opinion of Jones Hall LLP, as Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2025 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

\$50,580,000*

WALNUT CREEK JOINT POWERS FINANCING AUTHORITY 2025 LEASE REVENUE BONDS (Heather Farm Aquatic and Community Center Project)

Dated: Date of Delivery

Due: June 1, as shown on inside cover

Authority for Issuance. The bonds captioned above (the "2025 Bonds") are being issued by the Walnut Creek Joint Powers Financing Authority (the "Authority") under a resolution adopted by the Board of Directors of the Authority on November 18, 2025, and an Indenture of Trust dated as of December 1, 2025 (the "Indenture") by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). See "THE 2025 BONDS – Authority for Issuance."

Purpose. The 2025 Bonds are being issued primarily to finance the acquisition and construction of public capital improvements of the City of Walnut Creek (the "City"), consisting of Aquatic and Community Center at Heather Farm Park and such other improvements that may be identified from time to time by the City. In addition, the proceeds of the 2025 Bonds will be used to pay the costs of issuing the 2025 Bonds. See "FINANCING PLAN."

Security. Under the Indenture, the 2025 Bonds are payable from and secured by a first pledge of and lien on "Revenues" consisting primarily of lease payments (the "Lease Payments") made by the City for the lease of property under a Lease Agreement dated as of December 1, 2025, between the Authority, as lessor, and the City, as lessee, concerning the leaseback of certain real property and improvements, as further described in this Official Statement. The 2025 Bonds are also secured by certain funds on deposit under the Indenture. See "SECURITY FOR THE 2025 BONDS."

Book-Entry Only. The 2025 Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). The 2025 Bonds are issuable as fully registered securities in denominations of \$5,000 or any integral multiple of \$5,000. Purchasers of the 2025 Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the 2025 Bonds. See "THE 2025 BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments. Interest on the 2025 Bonds accrues from the date of delivery and is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2026. Payments of principal and interest on the 2025 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants, which will remit such payments to the Beneficial Owners of the 2025 Bonds. See "THE 2025 BONDS - General Provisions."

Redemption. The 2025 Bonds are not subject to optional redemption prior to maturity. The 2025 Bonds are subject to special mandatory redemption from insurance or condemnation proceeds prior to maturity. See "THE 2025 BONDS – Redemption."

NEITHER THE 2025 BONDS, NOR THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE 2025 BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE 2025 BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

The following firm, serving as municipal advisor to the Authority and City, has structured this issue.



MATURITY SCHEDULE (see inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all the provisions of the 2025 Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2025 Bonds were sold and awarded pursuant to a competitive bidding process held on [], 2025, as set forth in the Official Notice of Sale. The 2025 Bonds are offered when, as and if issued and received by the Purchaser, and subject to the approval as to their legality by Jones Hall LLP, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the Authority and the City by Jones Hall LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the 2025 Bonds will be delivered in book-entry form through the facilities of DTC on or about [], 2025.

The date of this Official Statement is: [], 2025

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor will there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful.

**WALNUT CREEK JOINT POWERS FINANCING AUTHORITY
2025 LEASE REVENUE BONDS
(Heather Farm Aquatic and Community Center Project)**

MATURITY SCHEDULE*
(Base CUSIP:† [])

\$[] Serial Bonds

Maturity Date <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					

**Preliminary, subject to change.*

† CUSIP Copyright 2022, CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by FactSet Research. None of the Authority, the City nor the Purchaser takes any responsibility for the accuracy of the CUSIP data.

**WALNUT CREEK JOINT POWERS FINANCING AUTHORITY
CITY OF WALNUT CREEK**

**BOARD OF DIRECTORS OF THE AUTHORITY
AND MEMBERS OF THE CITY COUNCIL**

Cindy Darling, *Chair and Mayor*
Kevin Wilk, *Vice Chair and Mayor Pro Tem*
Craig DeVinney, *Member and Councilmember*
Matt Francois, *Member and Councilmember*
Cindy Silva, *Member and Councilmember*

CITY STAFF

Dan Buckshi, City Manager
Kirsten LaCasse, Administrative Services Director
Charles Ching, Assistant City Manager
Ronald Cassano, City Treasurer
Suzie Martinez, City Clerk
Steve Mattas, City Attorney

PROFESSIONAL SERVICES

BOND AND DISCLOSURE COUNSEL

Jones Hall LLP
San Francisco, California

MUNICIPAL ADVISOR

NHA Advisors, LLC
San Rafael, California

Trustee

U.S. Bank Trust Company, National Association
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 2025 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the Authority or the Purchaser.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the Authority or the Purchaser to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or the Purchaser.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the 2025 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Preparation of Official Statement. The information set forth in this Official Statement has been furnished by the Authority and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Authority in any press release and in any oral statement made with the approval of an authorized officer of the City or the Authority or any other entity described or referenced herein, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City, Authority or any other entity described or referenced herein since the date hereof.

Involvement of Purchaser. The following statement has been included in this Official Statement on behalf of the Purchaser of the 2025 Bonds: The Purchaser has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Purchaser does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Purchaser may overallocate or take other steps that stabilize or maintain the market prices of the 2025 Bonds at levels above that which might otherwise prevail in the open market. If commenced, the Purchaser may discontinue such market stabilization at any time. The Purchaser may offer and sell the 2025 Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Purchaser.

Document Summaries. All summaries of the Indenture or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The 2025 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The 2025 Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2025 Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the City, the Authority, the other parties described in this Official Statement, or the condition of the property within the City since the date of this Official Statement.

Website. The City maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2025 Bonds.

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OFFICIAL STATEMENT

\$50,580,000*
WALNUT CREEK JOINT POWERS FINANCING AUTHORITY
2025 LEASE REVENUE BONDS
(Heather Farm Aquatic and Community Center Project)

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the bonds captioned above (the “**2025 Bonds**”) by the Walnut Creek Joint Powers Financing Authority (the “**Authority**”). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Indenture (as defined below).

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2025 Bonds to potential investors is made only by means of the entire Official Statement.

Authority for Issuance. The Authority is issuing the 2025 Bonds under the following:

- (a) Article 4 of Chapter 5, Division 7, Title 1 of the California Government Code, as amended, commencing with Section 6584 (the “**Law**”),
- (b) resolutions adopted by the Board of Directors (the “**Board**”) of the Authority on November 18, 2025 (the “**Authority Resolution**”), and by the City Council (the “**City Council**”) of the City of Walnut Creek (the “**City**”) on November 18, 2025 (the “**City Resolution**”), and
- (c) an Indenture of Trust (the “**Indenture**”) dated as of December 1, 2025, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”).

The Authority. The Authority is a joint powers authority between the City and the Parking Authority of the City of Walnut Creek established under a Joint Exercise of Powers Agreement, dated as of October 7, 2025, entered into under Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended, for the purpose, among others, of issuing its bonds to be used to finance and refinance the acquisition, construction and improvement of certain public capital improvements in the City.

The City. The City is located in the eastern portion of the San Francisco Bay Area in Contra Costa County (the “**County**”), approximately 25 miles east of San Francisco. See “CITY FINANCIAL INFORMATION – General.”

Purpose of the 2025 Bonds. The 2025 Bonds are being issued primarily to finance the acquisition and construction of public capital improvements of the City, consisting of the Aquatic and Community Center at Heather Farm Park and such other improvements that may be identified from time to time by the City. In addition, proceeds of the 2025 Bonds will be used to pay the costs of issuing the 2025 Bonds. See “FINANCING PLAN.”

Security for the 2025 Bonds and Pledge of Revenues. Under the Indenture, the 2025 Bonds are payable from and secured by a first pledge of and lien on “**Revenues**,” consisting primarily of lease payments (the “**Lease Payments**”) made by the City for the lease of property under the Lease Agreement dated as of December 1, 2025, between the Authority, as lessor, and the City, as lessee (the “**Lease Agreement**”), concerning the leaseback of certain real property and improvements consisting of (i) City Hall, (ii) the Leshner Center for the Arts and (iii) the City’s corporation yard (the “**Leased Property**”).

The 2025 Bonds are also secured by certain funds on deposit under the Indenture. See “SECURITY FOR THE 2025 BONDS.”

In order to provide the upfront site lease payment to facilitate the financing plan, the City and the Authority will enter into a Site Lease dated as of December 1, 2025 (the “**Site Lease**”), under which the City will lease the Leased Property to the Authority. Concurrently, the City and the Authority will enter into the Lease Agreement, under which the Authority will lease the Leased Property back to the City. See “THE LEASED PROPERTY.”

No Reserve Fund. No debt service reserve fund has been established with respect to the 2025 Bonds. See “BOND OWNERS’ RISKS – No Debt Service Reserve Fund.”

Form of Bonds; Book-Entry Only. The 2025 Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company, New York, New York (“**DTC**”), or its nominee, which will act as securities depository for the 2025 Bonds. Purchasers of the 2025 Bonds will not receive certificates representing the 2025 Bonds that are purchased. See “THE 2025 BONDS - Book-Entry Only System” and “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption. The 2025 Bonds are not subject to optional redemption prior to maturity. The 2025 Bonds are subject to special mandatory redemption from the proceeds of insurance or condemnation proceeds prior to their stated maturity dates. See “THE 2025 BONDS – Redemption.”

Abatement. The Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City’s use and possession of the Leased Property or any portion thereof. If the Lease Payments are abated under the Lease Agreement, the Owners of the 2025 Bonds would receive less than the full amount of principal of and interest on the 2025 Bonds. To the extent proceeds of rental interruption insurance are available (as described below), Lease Payments (or a portion thereof) may be made from those proceeds during periods of abatement. See “SECURITY FOR THE 2025 BONDS – Abatement” and “BOND OWNERS’ RISKS.”

Additional Bonds. The Indenture permits the Authority, by supplemental indenture, to establish one or more other issues of additional bonds secured by a pledge of and payable from Revenues on a parity with the 2025 Bonds (the “**Additional Bonds**”; the 2025 Bonds and any Additional Bonds are referred to in this Official Statement collectively as the “**Bonds**”), subject to

certain conditions set forth in the Indenture. See “SECURITY FOR THE 2025 BONDS – Additional Bonds.”

Legal Opinion. Upon delivery of the 2025 Bonds, Jones Hall LLP, as Bond Counsel (“**Bond Counsel**”) will release its final approving legal opinion with respect to the 2025 Bonds, regarding the validity and tax-exempt status of the 2025 Bonds, in the form attached hereto as APPENDIX D.

Risks of Investment. Debt service on the 2025 Bonds is payable only from Lease Payments and other amounts payable by the City to the Authority under the Lease Agreement. For a discussion of some of the risks associated with the purchase of the 2025 Bonds, see “BOND OWNERS’ RISKS.”

NEITHER THE BONDS, THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

FINANCING PLAN

The Project

A portion of the proceeds of the 2025 Bonds will be used to finance the construction of the Aquatic and Community Center at Heather Farm Park, and such other improvements that may be identified from time to time by the City (the “**Project**”). The Aquatic and Community Center at Heather Farm Park is a 4.7-acre site with a combined community center and aquatic facility with a large indoor gathering space, several multi-purpose rooms and classrooms, outdoor event terraces, a 50-meter lap pool, a recreational pool, a bathhouse, and a mechanical pool building. The total building square footage for the facility is currently estimated to be between 25,000 and 27,000 square feet. The total cost of the Project is expected to be \$75.8 million, of which \$55 million will be financed from the proceeds of the 2025 Bonds.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2025 Bonds are as follows:

Sources of Funds:

Principal Amount of 2025 Bonds	\$[]
Plus: Original Issue Premium	[]
<i>TOTAL SOURCES</i>	<u>\$[]</u>

Uses of Funds:

Deposit to Project Fund	\$[]
Deposit to Costs of Issuance Fund ⁽¹⁾	[]
Purchaser's Discount	[]
<i>TOTAL USES</i>	<u>\$[]</u>

(1) Represents funds to be used to pay Costs of Issuance, which include legal fees, municipal advisory fees, printing costs, rating agency fees, and other costs of issuing the 2025 Bonds.

THE LEASED PROPERTY

Description and Location

Lease Payments will be made by the City under the Lease Agreement for the use and occupancy of the Leased Property, which consists of (i) City Hall (the “**City Hall Component**”), (ii) the Leshner Center for the Arts (the “**Leshner Center Component**”) and (iii) the City’s corporation yard (the “**Corporation Yard Component**”). The City has determined that the fair rental value of the Leased Property is commensurate with the annual Lease Payments with respect thereto.

City Hall Component. The City Hall Component is a three-story, approximately 75,000 square foot mixed-use government building with essential-service functions, including police operations. It is located at 1666 N. Main Street, Walnut Creek, CA, and was completed in 1980, with a renovation completed in 2002. The structural and FEMA classifications place the building within the range of typical municipal facilities requiring enhanced operational continuity, emergency planning considerations, and resilience standards, which is suitable for inclusion in hazard mitigation plans, continuity-of-operations documentation, and facility inventory systems. The insured value of the City Hall Component is approximately \$37.2 million, not including land value.

Leshner Center Component. The Leshner Center Component is three-story, approximately 73,000 square foot building, which was completed in 1990. It is located at 1601 Civic Drive, Walnut Creek, CA. The Leshner Center Component functions as a regional performing arts center with multiple public-assembly uses. Its structural and FEMA classifications identify it as a facility requiring enhanced consideration for seismic performance, large-occupant egress, and continuity-of-operations planning during events. The insured value of the Leshner Center Component is approximately \$46.2 million, not including land value.

Corporation Yard Component. The Corporation Yard Component is located at 511 Lawrence Way, Walnut Creek, CA, and consists of the Maintenance Administration Building, the Traffic Infrastructure Maintenance Building, the Storage Building and the Actors Center and Costume Shop (which is an adjacent facility located at 501 Lawrence Way). The Corporation Yard Component serves as a Public Works operational hub supporting traffic systems, field maintenance, open space functions, and impounded bicycle storage. Its structural and FEMA classifications place it within an operational-essential category requiring consideration for seismic performance, equipment protection, and continuity-of-operations for field response activities. The Maintenance Administration Building is two story, approximately 17,000 square foot building which was completed in 1970, and which is used for maintenance administration, open space offices, storage, and bike impound purposes. The insured value of the Maintenance Administration Building is approximately \$4.5 million, not including land value. The Traffic Infrastructure Maintenance Building is a one-story, approximately 8,100 square foot building which was completed in 1971, and which is used for maintaining traffic infrastructure, open space offices, storage, and bike impound purposes. The insured value of the Traffic Infrastructure Maintenance Building is approximately \$2.5 million, not including land value. The Storage Building is a one-story approximately 1,800 square foot building which was completed in 1996, and which is used for equipment storage. The insured value of the Storage Building is approximately \$198,000, not including land value. The Actors Center and Costume Shop is located at 501 Lawrence Way, and is a two-story, approximately 5,200 square foot building which was completed in 1986. The insured value of the Actors Center and Costume Shop is approximately \$2.04 million, not including land value.

Modification of Leased Property

Under the Lease Agreement, the City has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of the Lease Agreement.

Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under this provision of the Lease Agreement, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

The City will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City under this provision of the Lease Agreement; except that if any such lien is established and the City first notifies or causes to be notified the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and will provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

Substitution

Under the Lease Agreement, the City has the option at any time and from time to time, to substitute other real property (the "**Substitute Property**") for the Leased Property or any portion thereof (the "**Former Property**"), upon satisfaction of all of the requirements set forth in the Lease Agreement, which includes (among others) the following:

- No Event of Default (as defined in the Lease Agreement) has occurred and is continuing, as certified in writing by the City.
- The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the County Recorder, sufficient memorialization of an amendment of the Lease Agreement that adds the legal description of the Substitute Property and deletes therefrom the legal description of the Former Property, and has filed and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.
- The City has obtained a CLTA policy of title insurance insuring the City's leasehold estate under the Lease Agreement in the Substitute Property, subject only to Permitted Encumbrances (as defined in the Lease Agreement), in an amount at least equal to the estimated value thereof.
- The City has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the City and constitutes property which

the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City.

- The Substitute Property does not cause the City to violate any of its covenants, representations and warranties made herein, as certified in writing by the City.
- The City has filed with the Authority and the Trustee a written certificate of the City or other written evidence stating that the useful life of the Substitute Property at least extends to June 1, 2033, that the estimated value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the aggregate outstanding principal amount of the Bonds, and the fair rental value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.
- The City has mailed written notice of such substitution to each rating agency which then maintains a rating on the Bonds.

See “APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property under this provision of the Lease Agreement.

Release of Leased Property

Under the Lease Agreement, the City has the option at any time and from time to time to release any portion of the Leased Property from the Lease Agreement (the “**Released Property**”) provided that the City has satisfied all of the requirements under the Lease Agreement that are conditions precedent to such release, which include (among others) the following:

- No Event of Default (as defined in the Lease Agreement) has occurred and is continuing, as certified in writing by the City.
- The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the County Recorder, sufficient memorialization of an amendment of the Lease Agreement, Site Lease and Assignment Agreement which removes the Released Property from the Lease Agreement, Site Lease and Assignment Agreement.
- The City has certified in writing to the Authority and the Trustee that the value of the property which remains subject to the Lease Agreement following such release is at least equal to the aggregate outstanding principal amount of the Bonds, and the fair rental value of the property which remains subject to the Lease Agreement following such release is at least equal to the Lease Payments thereafter coming due and payable thereunder.

- The City has mailed written notice of such release to each rating agency which then maintains a rating on the Bonds.

See “APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release.

Addition of Property

Under the Lease Agreement, the City may, at any time it deems it necessary or advisable, amend the Lease Agreement, and enter into any necessary or advisable site or ground lease, to add additional property to the property originally leased under the Lease Agreement.

If the addition to the Leased Property (the “**Addition**”) is being done in connection with the issuance of Additional Bonds, the following requirements will apply, among others:

- The City certifies in writing to the Authority and the Trustee that
 - (i) the Addition serves the purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City,
 - (ii) the useful life of the Addition at least extends to the last day that precedes the final maturity of the Additional Bonds,
 - (iii) the estimated value of the Leased Property (including the Addition) is at least equal to the aggregate outstanding principal amount of the Bonds, and
 - (iv) the fair rental value of the Leased Property (including the Addition) is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

For the purposes of the certification described in clause (iv) above, the City may, if necessary to make such certification, assume completion of construction of the Addition if the Addition is being constructed with proceeds of the Additional Bonds as long as capitalized interest has been deposited in accordance with the Indenture.

- The City delivers to the Authority and the Trustee an Opinion of Bond Counsel to the effect that the amendment to the Lease Agreement has been duly authorized, executed and delivered and the Lease Agreement as so amended represents a valid and binding obligation of the City and the Authority and that the Addition will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

- The City causes to be recorded in the Office of the County Recorder sufficient memorialization of an amendment of the Lease Agreement that adds the legal description of the Addition, and has filed and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.
- The City delivers to the Authority and the Trustee a CLTA standard form policy of title insurance in substantially the same form as delivered in connection with the issuance and delivery of the Bonds in at least the amount of the aggregate principal amount of outstanding Bonds at the time of the Addition insuring the City's leasehold interest in the Addition to the Leased Property under the Lease Agreement, together with an endorsement thereto making such policy payable to the Trustee for the benefit of the Owners, and also together with a certificate of the City to the effect that the exceptions, if any, contained in such policy do not interfere with the beneficial use and occupancy of the Leased Property by the City.
- The City delivers to the Authority and the Trustee a copy of a written notice that the City mailed to each rating agency then rating the Bonds notifying the rating agency of the Addition.

See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon commence as to the Addition, and all references to the Leased Property will apply with full force and effect to the Addition.

THE 2025 BONDS

This section provides summaries of the 2025 Bonds and certain provisions of the Indenture. See APPENDIX B for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

Authority for Issuance

The 2025 Bonds are being issued under the Law, the Authority Resolution (which was adopted by the Board of the Authority on November 18, 2025), the City Resolution (which was adopted by the City Council on November 18, 2025), and the Indenture. Under the Authority Resolution and the City Resolution, the 2025 Bonds may be issued in a principal amount not to exceed \$60,000,000.

General Provisions

Bond Terms. The 2025 Bonds will be dated their date of delivery and issued in fully registered form without coupons in integral multiples of \$5,000, so long as no 2025 Bonds has more than one maturity date.

The 2025 Bonds will mature on June 1 in each of the years and in the amounts, and bear interest at the rates, set forth on the inside cover page of this Official Statement.

Calculation of Interest. Interest on the 2025 Bonds will be payable on June 1 and December 1 in each year, commencing June 1, 2026 (each an “Interest Payment Date”).

Interest on the 2025 Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

- (a) a 2025 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,
- (b) a 2025 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or
- (c) interest on any 2025 Bonds is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest with respect to the 2025 Bonds will be computed on the basis of a 360-day year composed of 12 months of 30 days each.

Record Date. Under the Indenture, “Record Date” means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

Payments of Principal and Interest. Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the 2025 Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any 2025 Bonds which is not punctually paid or duly provided for on any

Interest Payment Date is payable to the person in whose name the ownership of such 2025 Bonds is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the 2025 Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the 2025 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of 2025 Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such 2025 Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which will remain in effect until rescinded in writing by the Owner.

The Trustee will pay principal of the 2025 Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

While the 2025 Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to the 2025 Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the 2025 Bonds. See “– Book-Entry Only System” below.

Redemption*

Optional Redemption. The 2025 Bonds are not subject to optional redemption prior to maturity.

Special Mandatory Redemption From Insurance or Condemnation Proceeds. The 2025 Bonds are subject to redemption as a whole, or in part on a pro rata basis among maturities, on any date, from any Net Proceeds required to be used for such purpose as provided in the Indenture, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the 2025 Bonds of a single maturity, the Trustee will select the 2025 Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee will treat each 2025 Bond as consisting of separate \$5,000 portions and each such portion will be subject to redemption as if such portion were a separate 2025 Bond.

Whenever less than all of the outstanding 2025 Bonds of more than one series are called for redemption at any one time, the Trustee will select the outstanding 2025 Bonds or portions thereof to be redeemed as directed by the Authority.

Notice of Redemption. The Trustee will mail notice of redemption of the 2025 Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any 2025 Bonds designated for redemption at their addresses

* Preliminary; subject to change.

appearing on the Registration Books and to one or more Securities Depositories and to the Municipal Securities Rulemaking Board.

Neither the failure to receive any notice nor any defect therein will affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date.

Partial Redemption of 2025 Bonds. Upon surrender of any 2025 Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2025 Bond or 2025 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2025 Bonds surrendered.

Effect of Redemption. If notice of redemption has been duly given as provided in the Indenture, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, including any applicable premium, the 2025 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2025 Bonds (or portions thereof) so called for redemption will become due and payable, interest on the 2025 Bonds so called for redemption will cease to accrue, said 2025 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2025 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Book-Entry Only System

The 2025 Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple of \$5,000, under the book-entry system maintained by DTC. While the 2025 Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a 2025 Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the 2025 Bonds. Purchasers of the 2025 Bonds will not receive certificates representing their interests therein, which will be held at DTC.

See “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM” for further information regarding DTC and the book-entry system.

Transfer, Registration and Exchange

The following provisions regarding the exchange and transfer of the 2025 Bonds apply only during any period in which the 2025 Bonds are not subject to DTC’s book-entry system. While the 2025 Bonds are subject to DTC’s book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Bond Register. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the 2025 Bonds, which will upon reasonable notice as agreed to by the Trustee, be open to inspection during regular business hours by the Authority; and, upon presentation for such purpose, the Trustee will, under such

reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the 2025 Bonds as provided in the Indenture.

Transfer of Bonds. Any 2025 Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such 2025 Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any 2025 Bond is or 2025 Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new 2025 Bond or 2025 Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing 2025 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of 2025 Bonds.

Prior to any transfer of the 2025 Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor will provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee will conclusively rely on the information provided to it and have no responsibility to verify or ensure the accuracy of such information.

Exchange of Bonds. The 2025 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of 2025 Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee will require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Authority will pay the cost of printing 2025 Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of 2025 Bonds.

Limitations on Transfer and Exchange. The Trustee may refuse to transfer or exchange, under these provisions of the Indenture, any 2025 Bonds selected by the Trustee for redemption under the Indenture, or any 2025 Bonds during the period established by the Trustee for the selection of 2025 Bonds for redemption.

DEBT SERVICE SCHEDULE

The table below shows scheduled Lease Payments and annual debt service payments on the 2025 Bonds.

Year Ending June 1	Lease Payments	2025 Bonds Principal	2025 Bonds Interest	Total Debt Service
Total:	\$[]	\$[]	\$[]	\$[]

SECURITY FOR THE 2025 BONDS

The principal of and interest on the 2025 Bonds are not a debt of the Authority or the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of their income, receipts, or revenues except the Revenues and other amounts pledged under the Indenture.

This section provides summaries of the security for the 2025 Bonds and certain provisions of the Indenture, the Lease Agreement and the Site Lease. See “APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” for a more complete summary of the Indenture, the Lease Agreement and the Site Lease. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

Revenues; Pledge of Revenues

Pledge of Revenues and Other Amounts. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and all amounts (including proceeds of the sale of the 2025 Bonds) held in any fund or account established under the Indenture are pledged to secure the payment of the principal of and interest and premium (if any) on the Bonds in accordance with their terms and the provisions of the Indenture.

This pledge constitutes a lien on and security interest in the Revenues and such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

Definition of Revenues. “Revenues” are defined in the Indenture as follows:

(a) all amounts received by the Authority or the Trustee under or with respect to the Lease Agreement, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts described in the provisions of the Lease Agreement relating to permitted amendments that provide for additional rental to be pledged or assigned for the payment of bonds issued to finance or refinance projects for which the City is authorized to expend its funds, and (ii) any Additional Rental Payments (consisting of certain administrative costs due to the Authority and the Trustee under the Lease Agreement), and

(b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

Assignment to Trustee. Under the Assignment Agreement, the Authority has transferred to the Trustee all of the rights of the Authority in the Lease Agreement (other than the rights of the Authority under the provisions of the Lease Agreement regarding Additional Rental Payments, advances, release and indemnification covenants, and agreement to pay attorneys’ fees).

The Trustee is entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee.

The Trustee is also entitled to and required to, subject to the provisions of the Indenture regarding rights of the Trustee, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Lease Agreement.

Allocation of Revenues by Trustee; Application of Funds

Deposit of Revenues in Bond Fund. All Revenues will be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Bond Fund" which the Trustee will establish, maintain and hold in trust; except that all moneys received by the Trustee and required under the Indenture or under the Lease Agreement to be deposited in the Redemption Fund or the Insurance and Condemnation Fund will be promptly deposited in such funds.

All Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. Any surplus remaining in the Bond Fund, after payment in full of the principal of and interest on the Bonds or provision therefore under the Indenture, and any applicable fees and expenses to the Trustee, will be withdrawn by the Trustee and remitted to the City.

Allocation of Revenues. On or before each Interest Payment Date, the Trustee will transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority:

(a) Deposit to Interest Account. The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding.

(b) Deposit to Principal Account. The Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such Interest Payment Date.

Lease Payments; Covenant to Appropriate

Obligation to Pay. Under the Lease Agreement, subject to the provisions of the Lease Agreement regarding abatement and prepayment, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments in the amounts specified in the Lease Agreement, to be due and payable in immediately available funds on the Interest Payment Date immediately following each Lease Payment Date specified in the Lease Agreement (as it may be amended in connection with the issuance of Additional Bonds), and to be deposited by the City with the Trustee on the Lease Payment Dates specified in the Lease Agreement (as it may be amended in connection with the issuance of Additional Bonds).

Any amount held in the Bond Fund, the Interest Account and the Principal Account on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole under the Lease Agreement, and amounts required for payment of past due principal or interest on any Bonds not presented for payment) will be credited towards the Lease Payment then required to be paid under the Lease Agreement. The City is not required to

deposit any Lease Payment with the Trustee on any Lease Payment Date if the amounts then held in the Bond Fund, the Interest Account and the Principal Account are at least equal to the Lease Payment then required to be deposited with the Trustee under the Lease Agreement.

The Lease Payments payable in any Rental Period are for the use of the Leased Property during that Rental Period.

Fair Rental Value. The aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and are payable by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Leased Property during each Rental Period.

The City and the Authority have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making that determination, consideration has been given to the estimated value of the Leased Property, other obligations of the City and the Authority under the Lease Agreement, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

Source of Payments; Covenant to Budget and Appropriate. Under the Lease Agreement, the Lease Payments are payable from any source of available funds of the City, subject to the provisions of the Lease Agreement regarding abatement. See “ – Abatement” below.

The City covenants in the Lease Agreement to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease Agreement and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. This covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements agreed to be carried out and performed by the City under the Lease Agreement.

Limited Obligation

THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Abatement

Termination or Abatement Due to Eminent Domain. Under the Lease Agreement, if the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement thereupon ceases as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

(a) the Lease Agreement will continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the City and Authority waive the benefit of any law to the contrary; and

(b) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

Abatement Due to Damage or Destruction. Under the Lease Agreement, the Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain as described above) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof.

The Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction.

In the event of any such damage or destruction, the Lease Agreement continues in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage and destruction.

Notwithstanding the foregoing, there will be no abatement of Lease Payments under the Lease Agreement to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments that would otherwise be abated under the Lease Agreement, it being declared that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

Additional Bonds

Under the Indenture, the Authority may, by Supplemental Indenture, establish one or more other issues of Additional Bonds secured by a pledge of and payable from Revenues on a parity with the 2025 Bonds, and may issue and deliver such Additional Bonds in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of the Indenture, and subject to the following specific conditions which are conditions precedent to the issuance of such Additional Bonds:

(a) Such Additional Bonds must be authorized to finance additional capital improvements for the City, or to refund bonds previously issued to finance such capital improvements, and the issuance thereof must be determined and declared by the Authority, in a Supplemental Indenture, to be necessary for that purpose.

(b) The Authority and the City must be in compliance with all covenants and undertakings set forth in the Indenture and in the Lease Agreement and the Site Lease.

(c) The aggregate principal amount of Bonds issued and at any time Outstanding under the Indenture may not exceed any limit imposed by law, by the Indenture or by any Supplemental Indenture.

(d) Such Additional Bonds must be equally and ratably secured by the Revenues with the 2025 Bonds authorized under the Indenture.

(e) The Authority must enter into an amendment to the Lease Agreement, in and by which the City obligates itself in the manner provided in the Lease Agreement to make Lease Payments for the lease of the Leased Property at the times and in the amounts sufficient to provide for the payment of the principal of and interest on such Additional Bonds as such principal and interest become due and to make all other payments in the manner provided in the Lease Agreement, and the City must certify in writing that such Lease Payments, as amended, in any Rental Period will not exceed the fair rental value of the Leased Property.

(f) If necessary to ensure that the Lease Payments payable after the issuance of Additional Bonds does not exceed the fair rental value of the Leased Property in any Rental Period, the Authority and the City must amend the Lease Agreement pursuant to the terms thereof to add additional property to the Leased Property.

(g) If the Additional Bonds are being issued to finance the construction of a to-be-built project, and such project is to be part of the Leased Property prior to its completion, the Supplemental Indenture authorizing the issuance of such Additional Bonds must require the deposit into a separate account (the “**Capitalized Interest Account**”) in the Interest Account, or a subaccount therein, an amount sufficient to pay interest on such Additional Bonds through a date which is not less than six months after the anticipated completion date of the project, but only if such Additional Bonds are issued prior to the substantial completion of such project and only if the City is unable to make a finding that the fair rental value of the Leased Property prior to the completion of the project is equal to or greater than the aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period.

No Reserve Fund

No debt service reserve fund has been established with respect to the 2025 Bonds. See “BOND OWNERS’ RISKS – No Debt Service Reserve Fund.”

Property Insurance

Liability and Property Damage Insurance. Under the Lease Agreement, the City is required to maintain or cause to be maintained throughout the Term of the Lease Agreement, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns. Said policy or policies must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property.

Such policy or policies must provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of the Lease Agreement, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance.

The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

Property Insurance. Under the Lease Agreement, the City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, property insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the Outstanding Bonds.

Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance must be applied as provided in the Lease Agreement and described below.

Rental Interruption Insurance. Under the Lease Agreement, the City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the property insurance described above, in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance.

The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Application of Net Proceeds. The Trustee, as assignee of the Authority under the Assignment Agreement, has the right to receive all Net Proceeds. As provided in the Indenture, the Trustee will deposit all Net Proceeds in the Insurance and Condemnation Fund to be applied to the redemption of Bonds as set forth in the Indenture.

Remedies on Default

Under the Lease Agreement, upon the occurrence and continuance of any Event of Default, the Authority may exercise the remedies set forth in the Lease Agreement, which include (a) enforcement of the Lease Payments without termination of the Lease Agreement, (b) termination of the Lease Agreement and re-leasing the Leased Property, and (c) taking whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Lease Agreement or to enforce any other of its rights under the Lease Agreement. Under the Assignment Agreement, such remedies will be exercised by the

Trustee and the Bond Owners as provided in the Indenture. Neither the Authority nor the Trustee may accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. See APPENDIX B – Summary of Principal Legal Documents.

CITY INFORMATION

General

Located in Contra Costa County (the “**County**,” the City was incorporated in 1914 and is a regional destination in the eastern portion of the San Francisco Bay Area. This unique city offers suburban convenience with a walkable downtown full of shopping, dining, and cultural activities. The City has top-performing schools and ranks as one of the California cities offering the most open space per capita. The City area is 19.9 square miles and is home to just under 70,000 residents. A large number of guests come to the City for work, recreation, and to enjoy the downtown restaurants, shops, and other amenities.

The City is located at the intersection of Highway 680 and Highway 24, approximately 25 miles east of San Francisco and a short distance from Oakland International Airport. The City has a range of housing types available to meet the needs of residents and workers employed by various businesses and agencies throughout the region. Walnut Creek’s large retail base serves local residents as well as those in surrounding communities. The City continues to show strength as a major employer, a successful retail and entertainment center, and a safe community with attractive residential neighborhoods.

The City operates under the Council-Manager form of government, with five at-large Council Members elected to staggered four-year terms. Walnut Creek has an elected City Treasurer who is also elected to a four-year term. The Mayor and Mayor Pro Tem are elected by the Council from their membership, and each serve one-year terms. The City Council serves as the legislative and policy-making body of City government and is responsible for enacting City ordinances, adopting resolutions, approving the annual budget, appointing commissions and committees, and hiring the City Manager and the City Attorney.

The City Manager is responsible for implementing City Council policies, ordinances, and directives; overseeing day-to-day operations; and appointing the directors of the City’s departments. The City provides an array of services that include public safety/police services, arts and recreation, general government, finance, technology, human resources, public works, and community development.

The City also oversees the enterprise funds associated with Boundary Oak Golf Course and the Downtown Parking and Enhancement program. Library services are provided by Contra Costa County, with augmented funding provided by the City to support additional operating hours. Fire services, water, and sewer utilities are provided by separate special districts, with their own governing bodies.

Certain demographic information concerning the City is included in APPENDIX A.

Management

Dan Buckshi, City Manager. Mr. Buckshi has over 20 years of local government experience. He provides overall leadership to the organization, supports the City Council, and oversees the operations and budget of the City. Before joining Walnut Creek, Mr. Buckshi worked at the County of San Luis Obispo for 15 years, the last five as the Chief Administrative Officer. Prior to working in local government, Mr. Buckshi worked in the automotive and technology industries. Mr. Buckshi has a Bachelor’s degree in Business Management from Michigan State University and a Master of Political Science degree from Cal Poly San Luis Obispo. Mr. Buckshi

also serves on the Board of the Contra Costa Economic Partnership and the East Bay Economic Development Alliance. Mr. Buckshi is a member of the International City/County Management Association and is a Credentialed Manager.

Ron Cassano, City Treasurer. Mr. Cassano manages the City Investment Program together with the Administrative Services Director and Finance Manager. Mr. Cassano is a retired Certified Public Accountant, and owned and operated a public accounting practice for 33 years. Prior to that, Mr. Cassano was a Manager for a Regional CPA Firm. Mr. Cassano holds a Bachelor's degree from University of California, Berkeley. Mr. Cassano serves on the Walnut Creek Library Foundation Investment Committee. Mr. Cassano is a member of the American Institute of Certified Accountants and the California Society of Certified Public Accountants.

Kirsten LaCasse, Administrative Services Director. Ms. LaCasse has over 25 years of experience in government finance, including 20 years with the City of Oakland, where she served as Controller, overseeing financial operations, budgeting, and purchasing. She later transitioned to the City of Walnut Creek, where for nearly six years, she has managed budget, procurement, finance, and information technology. Ms. LaCasse holds a Bachelor's degree from the University of Massachusetts, a Master of Business Administration with a concentration in Finance from Simmons College and maintains a Certified Public Finance Officer designation from GFOA.

Katye Roa, Finance Manager. Ms. Roa has over 15 years of experience in local government finance. She plans, organizes, directs, and coordinates the City's accounting activities, maintains financial policies, and ensures proper accounting controls and compliance with regulatory requirements. Prior to joining the City of Walnut Creek, she served as Fiscal Manager for the Sonoma-Marin Area Rail Transit District for 13 years. Ms. Roa holds a Bachelor of Arts degree in Psychology with a minor in Spanish from the University of California, Davis, and a Master of Business Administration with a concentration in Finance from California State University, East Bay.

Budget Procedure, Current Budget and Historical Budget Information

General. The annual budget serves as the foundation for the City's financial planning and is an important policy document serving as the annual financial plan that identifies the spending priorities for the organization. The budget is prepared according to fund and department (e.g., police). The City operates under a two-year budget process. As such, the City Council adopts a budget biennially which begins in the first Fiscal Year and covers a two-year period beginning on July 1 and running through June 30 for two years. Beginning July 1, the budget determines operating appropriations at the department and fund level and allows the City to make resource allocation decisions as well as determining which program priorities will be addressed in the coming Fiscal Year. Although the City Council deliberates the proposed budget in June, the budget process occurs throughout the year, as described below.

The City Council approves total budgeted appropriations and any amendments to appropriations throughout the Fiscal Year. Appropriations lapse at Fiscal Year-end, with the exception of appropriations for prior-year commitments (encumbrances) and continuing projects. The City Council has the legal authority to amend the budget of any fund at any time during the Fiscal Year. The budgetary level of control (the level on which expenditures may not legally exceed appropriations) is at the fund level. The City Manager is authorized to transfer operating budget appropriations of up to \$124,999 from one department to another, so long as there is no effect on the total expenditures appropriated for the fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Adopted Budget for Fiscal Years 2025-27. The City Council adopted the City's operating budget for Fiscal Years 2025-26 and 2026-27 (the "**2025-27 Adopted Budget**") on June 17, 2025. The 2025-27 Adopted Budget is fiscally balanced and continues to strategically allocate resources for continued city services and operations and includes additions related to critical funding requests to address urgent needs and sustain core programs that support our community. In the 2025-27 Adopted Budget, General Fund revenues for Fiscal Year 2025-26 are projected to decrease by approximately \$2.9 million when compared to estimated General Fund revenues for Fiscal Year 2024-25, primarily due to non-recurring revenue. Operating revenues are projected to increase by approximately \$881,000 compared to the Fiscal Year 2024-25 Adopted Budget.

With respect to expenditures, in the 2025-27 Adopted Budget, total General Fund expenditures for Fiscal Year 2025-26 are projected to decrease by approximately \$600,000 when compared to estimated General Fund expenditures for Fiscal Year 2024-25.

Comparison of Budget to Actual Performance. The following table shows (i) the City's final budget and actual results for General Fund revenues and expenditures for Fiscal Years 2022-23 and 2023-24, (ii) the City's final budget for Fiscal Year 2024-25 and Fiscal Year 2025-26, and (iii) estimated results for General Fund revenues and expenditures for Fiscal Year 2024-25. During the course of each Fiscal Year, the budget may be amended and revised as necessary by the City Council; budgeted amounts shown reflect such amendments and revisions in certain Fiscal Years.

Table 1
General Fund Budget Summary
Fiscal Years 2022-23 through 2025-26

	Final Budget 2022-23	Audited 2022-23	Final Budget 2023-24	Audited 2023-24	Final Budget 2024-25	Estimated Actuals 2024-25 ⁽¹⁾	Adopted Budget 2025-26
<u>Revenues:</u>							
Taxes							
Sales and use	\$31,905,070	\$32,973,020	\$32,314,770	\$31,335,515	\$32,263,863	\$30,608,201	\$32,495,183
Property	28,824,567	30,509,516	30,926,399	32,197,959	33,008,099	32,582,903	33,795,222
Business license	2,722,010	3,680,457	2,840,995	1,619,390	2,926,224	2,743,176	2,726,224
Franchise	3,727,716	3,930,307	3,870,847	4,044,428	3,861,381	4,259,131	4,179,570
Transient occupancy tax	1,896,500	1,632,598	1,953,395	2,598,976	2,515,446	2,904,754	2,831,818
Other	818,000	816,235	818,000	754,756	818,000	896,526	780,000
Intergovernmental	34,500	350,250	34,500	266,151	34,500	772,590	34,500
Investment and rental income	3,876,634	5,208,786	4,540,458	10,885,720	4,699,101	9,818,381	15,317,695
Charges for services	13,629,673	13,299,750	16,405,771	12,660,262	16,188,122	13,930,390	5,515,859
Licenses, permits and fees	4,955,948	5,891,364	4,698,879	5,627,515	5,083,879	5,106,246	5,217,381
Fines, forfeitures and penalties	249,023	361,622	231,523	324,285	231,523	273,016	--
Other revenue	1,051,966	827,937	1,218,332	1,382,000	1,235,050	3,410,146	1,543,454
Total Revenues	93,691,607	99,481,842	99,853,869	103,696,957	103,560,188	107,305,460	104,436,906
<u>Expenditures:</u>							
Current							
Public protection	32,855,271	30,421,885	32,185,475	31,956,468	34,990,410	33,430,554	34,281,631
Public works	18,685,933	17,451,745	19,296,288	18,391,918	20,179,004	19,634,642	20,235,209
Community and economic development	9,565,596	7,537,055	9,043,984	8,238,970	10,530,815	8,848,258	9,294,495
Housing	686,976	453,569	--	--	--	--	--
Arts and recreation	17,283,803	18,137,546	19,466,595	19,721,083	19,634,935	20,131,978	20,074,481
Administrative services	5,703,868	4,744,154	5,697,348	5,293,364	5,904,238	5,552,956	12,854,592
Human resources	2,309,735	1,886,250	2,517,643	2,092,814	2,525,237	2,155,985	6,018,672
General government	10,284,419	8,486,165	11,448,371	9,127,266	12,881,706	11,096,852	2,195,321
Debt Service:							
Principal retirement	86,618	78,150	86,618	72,100	86,618	72,100	--
Interest, fiscal charges and issuance costs	--	--	--	--	--	--	--
Total Expenditures	97,462,219	89,196,519	99,742,322	94,893,983	106,732,963	100,923,325	104,954,400
Revenues over (under) Expenditures	(3,770,612)	10,285,323	111,547	8,802,974	(3,172,775)	6,382,135	(515,494)
<u>Other financing sources (uses):</u>							
Transfers in/Use of reserves	1,826,130	683,000	683,000	853,573	683,000	683,000	2,919,650
Transfers (out)	(3,585,012)	(2,903,031)	(14,168,846)	(5,534,748)	(3,833,862)	6,551,529	(1,986,823)
Total other financing sources (uses)	(1,758,882)	(2,220,031)	(13,485,846)	(4,181,175)	(3,150,862)	(5,868,529)	932,827
Net change in fund balance	(5,529,494)	\$8,065,292	(13,374,299)	4,621,799	(6,323,637)	513,606	415,333
<u>FUND BALANCE</u>							
Beginning of year		82,596,721		64,925,500		69,547,299	
End of year		\$90,662,013		\$69,547,299		\$70,060,905	

Source: City of Walnut Creek Annual Comprehensive Financial Reports

(1) Estimated, subject to change. 2025 estimates provided by City of Walnut Creek Administrative Services Department

General Fund Reserve Policies

The City Council maintains prudent reserve policies pursuant to Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Reserve balances have been established and fully funded for events such as a catastrophic emergency (earthquake, flood, etc.) or fiscal emergency (significant drop in revenues). Additional reserve balances have been established to cover costs associated with operational events including workers compensation, pension liability, and legal claims.

The City Council adopted a Use of One-Time Revenues and General Fund Surpluses policy in June 2012 and updated it in July 2017. The purpose of this Policy is to establish a formal process by which one-time revenues and General Fund budget surpluses are to be allocated and used for funding one-time needs in support of overall City goals and priorities. Implementation of this policy has allowed surpluses to be allocated to projects that do not require ongoing operating expenditures. For Fiscal Year 2024-2025, the City Council allocated an additional \$6.0 million to the Facilities Reserve bringing the balance for critical infrastructure needs to \$9.6 million. The City's General Fund reserve balances (excluding the Section 115 pension trust) totaled \$39.0 million as of June 30, 2024.

The City also has nine internal service funds established to provide funding necessary for replacement of equipment, vehicles, employee benefits, and repairs to our facilities in the future. The City has adopted a Capital Investment Policy to guide the prioritization of capital projects.

The following table shows the audited segregated portions of the General Fund Group balance sheet for Fiscal Years 2019-20 through 2023-24, along with estimated actual segregated portions for Fiscal Year 2024-25.

Table 2
General Fund Group Segregated Balances

	<u>Audited 2019-20</u>	<u>Audited 2020-21</u>	<u>Audited 2021-22</u>	<u>Audited 2022-23</u>	<u>Audited 2023-24</u>	<u>Estimated Actuals 2024-25⁽¹⁾</u>
<u>Nonspendable:</u>						
Advance to Successor Agency	\$274,544	\$--	\$--	\$--	\$--	\$--
Inventory	44,277	59,153	88,256	53,911	66,352	57,961
Interfund loan	187,785	142,234	95,767	48,362	4,721,000	4,463,141
Prepaid items	66,182	79,283	64,327	249,043	66,956	29,353
Permanent Endowment	--	--	--	--	--	--
Total Nonspendable	572,788	280,670	248,350	351,316	4,854,308	4,550,455
<u>Restricted:</u>						
Capital projects	--	--	--	--	--	--
Community & economic development	--	--	--	--	341,695	407,972
Section 115 Trust	21,776,318	26,558,086	23,160,942	24,657,031	27,287,754	30,176,138
Other purposes	--	--	--	--	--	--
Street projects	--	--	--	--	--	--
Total Restricted	21,776,318	26,558,086	23,160,942	24,657,031	27,629,449	30,584,110
<u>Committed</u>						
Catastrophic emergency	9,035,876	9,035,876	9,320,514	9,909,000	10,270,212	11,098,929
Compensated absences	344,282	227,386	775,835	475,981	621,271	687,858
Dental claims	226,775	222,355	215,654	222,495	227,047	229,993
Fiscal emergency	4,929,010	5,585,910	5,951,961	6,332,561	8,995,774	8,995,774
Legal claims	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
PERS liability	1,956,816	1,956,816	1,956,816	1,956,816	1,956,816	1,956,816
Total Committed:	19,492,759	20,028,343	21,220,780	21,896,853	25,071,120	25,969,370
<u>Assigned:</u>						
ARCS Scholarships	37,010	25,913	18,902	30,966	30,736	29,171
Capital Projects:						
General Fund portion	12,784,718	13,962,149	13,805,146	14,348,571	24,914,509	23,362,664
Facilities	2,397,610	2,397,610	10,836,547	17,784,569	9,574,637	27,926,740
Parking Garage	231,121	231,121	231,121	231,121	231,121	--
Contractual Commitments	464,713	--	--	--	--	--
Special Projects	--	575,281	1,851,149	1,618,257	2,255,787	1,065,340
Measure O Reserves	--	--	--	2,896,706	11,668,149	3,774,118
Land Repurchase	--	3,346,459	3,346,459	3,346,459	--	--
Total Assigned:	15,915,172	20,538,533	30,089,324	40,256,649	48,674,939	56,158,033
<u>Unassigned:</u>						
FY18-20 One-time funds	195,472	--	--	--	--	--
City Manager Contingency	72,000	72,000	72,000	72,000	--	--
General Fund Contingency	--	--	--	--	2,000,000	3,000,000
Council Contingency	100,000	100,000	100,000	100,000	100,000	100,000
Carryovers	1,851,346	1,964,822	2,759,679	--	1,932,203	1,247,631
Unrealized Gain (Loss)	1,037,205	--	--	--	--	--
Provision of government-ARPA	--	2,463,327	4,936,422	2,135,292	--	--
Designation - Spieker	--	--	--	--	--	1,750,000
Unassigned (Deficit) Fund Balance	2,557,520	8,438,937	9,224	2,481,153	582,879	310,336
Total Unassigned	5,813,543	13,039,086	7,877,325	6,396,870	4,615,082	6,407,967
Total Fund Balance	\$63,570,580	\$80,444,718	\$82,596,721	\$93,558,719	\$110,844,898	\$123,669,935

Source: City of Walnut Creek Annual Comprehensive Financial Reports.

(1) Estimated, subject to change. 2025 estimates provided by City of Walnut Creek Administrative Services Department.

State Budget and Its Impact on the City

General. Information about the Fiscal Year 2025-26 adopted State budget and other State budgets is regularly available at various State-maintained websites. An impartial analysis of the budget is posted by the Legislative Analyst Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. *The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the City or the Purchaser, and the City and the Purchaser take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.*

Future State Budgets. The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address a State budget deficit. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget.

Financial Statements

The accounting policies of the City conform to generally accepted accounting principles. The Governmental Accounting Standards Board (“**GASB**”) published its Statement No. 34 “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management’s Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information.

Accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. There are three groups of funds: governmental funds (which include the General Fund), proprietary funds (which include internal service funds) and fiduciary funds (which are used to account for resources held for the benefit of parties outside the City). Information is presented separately in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund and the other major funds. Data for the non-major funds are combined into a single aggregated presentation.

All governmental funds and fiduciary funds use the modified accrual basis of accounting. The proprietary funds use the accrual basis of accounting. The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in a separate fund.

The City’s most recent audited financial statements are included in the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024, which is attached as APPENDIX C to this Official Statement. The financial statements were prepared by the City and audited by Maze & Associates, Pleasant Hill, California (the “**Auditor**”).

The Financial Statements should be read in their entirety. *The City has neither requested nor obtained permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City or General Fund. In addition, the Auditor has not reviewed this Official Statement.*

Set forth on the following pages are (i) a General Fund Group balance sheet for Fiscal Years 2019-20 through 2023-24 and estimated 2024-25 and (ii) a statement of revenues, expenditures and changes in fund balances for the City's General Fund for the same period.

Table 3
General Fund Group Balance Sheet

	Audited 2019-20	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24	Estimated Actuals 2024-25⁽¹⁾
Assets:						
Cash and investments	\$45,268,915	\$57,293,200	\$65,503,869	\$64,853,966	\$77,442,427	\$87,136,501
Restricted cash and investments	21,776,318	26,558,086	23,160,942	24,657,031	27,287,754	30,176,138
Accounts receivable	1,414,675	1,216,366	1,136,872	10,191,225	9,065,114	9,319,993
Taxes receivable	3,846,596	6,166,433	4,867,749	--	--	--
Interest receivable	62,011	20,799	67,628	89,917	104,195	171,580
Prepaid items	66,182	79,283	70,027	249,043	44,583	6,981
Due from other governments	--	--	--	--	--	--
Due from other funds	1,650,097	1,237,955	2,049,823	2,078,708	1,849,199	3,399,750
Notes and loans receivable	--	--	--	--	--	--
Inventory of materials and supplies	44,277	59,153	88,256	53,911	66,353	57,961
Interfund loan	187,785	142,234	95,767	48,362	4,721,000	4,463,141
Amounts due from Successor Agency	274,544	--	--	--	--	--
Leases receivable	--	--	3,823,523	6,907,287	6,591,440	7,534,889
Total assets	74,591,400	92,773,509	100,864,456	109,129,450	127,172,065	142,266,934
Liabilities:						
Accounts payable and other accrued liabilities	2,891,642	2,739,465	3,810,538	2,135,214	2,688,492	2,698,539
Accrued payroll	2,245,053	2,383,729	2,636,533	985,988	1,379,954	1,583,836
Due to other funds	--	--	--	--	--	--
Refundable deposits	1,427,187	1,436,119	1,304,811	1,448,683	1,467,047	1,454,463
Unearned revenue	4,456,938	5,769,478	6,692,330	4,214,663	4,492,935	5,775,676
Total liabilities	11,020,820	12,328,791	14,444,212	8,784,548	10,028,428	11,512,514
Deferred inflows of resources:						
Unavailable revenue	--	--	--	--	--	--
Related to leases	--	--	3,823,523	6,786,183	6,298,739	7,084,485
Total Liabilities and Deferred Inflows of Resources	--	--	3,823,523	6,786,183	6,298,739	7,084,485
Fund Balance:						
Nonspendable	572,788	280,670	248,350	351,316	4,854,308	4,550,455
Restricted	21,776,318	26,558,086	23,160,942	24,657,031	27,629,449	30,584,110
Committed	19,492,759	20,028,343	21,220,780	21,896,853	25,071,120	25,969,370
Assigned	15,915,172	20,538,533	30,089,324	40,256,649	48,674,939	56,158,033
Unassigned	5,813,543	13,039,086	7,877,325	6,396,870	4,615,082	6,407,967
Total fund balance	63,570,580	80,444,718	82,596,721	93,558,719	110,844,898	123,669,935
Total liabilities, deferred inflows of resources and fund balance	\$74,591,400	\$92,773,509	\$100,864,456	\$109,129,450	\$127,172,065	\$142,266,934

Source: City of Walnut Creek Annual Comprehensive Financial Reports.

(1) Estimated, subject to change. 2025 estimates provided by City of Walnut Creek Administrative Services Department.

Table 4
Statement of General Fund Group Revenues, Expenditures
and Changes in Fund Balance

	<u>Audited</u> <u>2019-20</u>	<u>Audited</u> <u>2020-21</u>	<u>Audited</u> <u>2021-22</u>	<u>Audited</u> <u>2022-23</u>	<u>Audited</u> <u>2023-24</u>	<u>Estimated Actuals</u> <u>2024-25⁽¹⁾</u>
<u>Revenues:</u>						
Taxes:						
Sales and use	\$25,298,281	\$29,495,114	\$32,389,062	\$35,874,937	\$44,094,136	\$43,159,073
Property	26,035,790	27,339,274	28,605,485	30,509,516	32,197,959	32,582,903
Business license	2,534,116	2,656,898	2,339,355	3,680,457	1,619,390	2,743,176
Franchise	3,635,125	3,680,447	3,770,625	3,930,307	4,044,428	4,259,131
Transient occupancy	1,497,342	1,378,373	816,099	1,632,598	2,598,976	2,904,754
Other	843,852	1,028,208	1,086,188	816,235	754,756	896,526
Intergovernmental	186,717	3,310,818	6,076,102	350,250	266,151	772,590
Investment and rental income	3,826,755	5,845,431	(7,313,541)	5,209,037	12,642,380	13,240,520
Charges for services	12,743,570	8,243,022	13,093,614	13,299,750	12,660,262	13,930,390
Licenses, permits and fees	4,530,088	4,829,063	5,250,419	5,891,364	5,627,515	5,106,246
Fines, forfeitures and penalties	567,255	362,426	153,842	361,622	324,285	273,016
Other revenues	2,430,800	1,006,875	787,209	827,937	1,382,000	3,410,146
Total revenues	84,129,691	89,175,949	87,054,459	102,384,010	118,212,238	123,278,471
<u>Expenditures:</u>						
Current:						
Public protection	26,850,751	27,035,284	28,350,807	30,421,885	32,699,149	34,893,859
Public works	17,511,033	14,262,396	16,714,048	17,451,745	18,875,724	20,260,180
Community and economic development	7,249,351	7,347,026	7,930,623	7,537,055	8,342,162	9,028,258
Housing	--	--	--	453,569	--	--
Arts and recreation	16,118,185	10,586,396	15,417,681	18,137,546	19,913,304	20,284,709
Administrative services	3,993,833	4,640,175	4,811,763	4,744,154	5,343,114	5,602,234
Human resources	1,482,318	1,397,895	1,709,996	1,886,250	2,092,814	2,155,985
General government	6,800,597	8,571,511	8,433,185	8,491,627	9,406,517	11,538,383
Capital outlay						
Public ways and facilities and equipment	--	--	--	--	--	--
Debt service:						
Principal retirement	155,936	124,443	99,254	78,150	72,100	72,100
Interest and fiscal charges	--	--	(3)	--	--	--
Total expenditures	80,162,004	73,965,126	83,467,354	89,201,981	96,744,884	103,835,708
Revenues over (under) expenditures	3,967,687	15,210,823	3,587,105	13,182,029	21,467,354	19,442,763
<u>Other financing sources (uses):</u>						
Proceeds from sale of capital assets	--	3,346,459	--	--	500,000	--
Transfers in	718,250	683,000	850,237	683,000	853,573	683,000
Transfers out	(9,594,572)	(2,366,144)	(2,285,339)	(2,903,031)	(5,534,748)	(7,300,726)
Total other financing sources (uses)	(8,876,322)	1,663,315	(1,435,102)	(2,220,031)	(4,181,175)	(6,617,726)
Net change in fund balances	(4,908,635)	16,874,138	2,152,003	10,961,998	17,286,179	12,825,037
Fund balance - July 1	68,479,215	63,570,580	80,444,718	82,596,721	93,558,719	110,844,898
Fund balance - June 30	\$63,570,580	\$80,444,718	\$82,596,721	\$93,558,719	\$110,844,898	\$123,669,935

Source: City of Walnut Creek Annual Comprehensive Financial Reports.

(1) Estimated, subject to change. 2025 estimates provided by City of Walnut Creek Administrative Services Department.

Major Revenues

General. Taxes and other sources of revenue received by the City are listed in the table below, which presents the major revenues of the City's General Fund Group for the last ten audited Fiscal Years. In Fiscal Year 2023-24, Property Tax and Sales Tax account for approximately 65% of the City's General Fund revenues.

Certain general taxes currently imposed by the City are affected by Proposition 218. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIC and Article XIID of the State Constitution."

Table 5
Major Tax Revenues by Source – General Fund Group

Fiscal Year Ended June 30,	Sales Tax	Property Tax	Business License Tax	Franchise Tax	Transient Occupancy Tax	Other Taxes	Total
2016	\$24,923,015	\$19,961,446	\$2,395,129	\$3,580,225	\$2,077,190	\$794,802	\$53,731,807
2017	24,021,800	21,595,755	2,429,669	3,648,456	2,093,907	942,015	54,731,602
2018	24,874,586	23,050,410	2,542,508	3,689,451	2,144,716	925,094	57,226,765
2019	27,137,543	24,694,679	2,570,125	3,560,437	2,224,694	1,072,065	61,259,543
2020	25,298,281	26,035,790	2,534,116	3,635,125	1,497,342	843,852	59,844,506
2021	29,495,114	27,339,274	2,656,898	3,680,447	1,378,373	1,028,208	65,578,314
2022	32,389,062	28,605,485	2,339,355	3,770,625	816,099	1,086,188	69,006,814
2023	35,874,937	30,509,516	3,680,457	3,930,307	1,632,598	816,235	76,444,050
2024	44,094,136	32,197,959	1,619,390	4,044,428	2,598,976	754,756	85,309,645
2025*	44,771,752	32,959,710	2,743,176	4,259,131	2,904,754	2,966,849	90,605,372

Source: City of Walnut Creek Annual Comprehensive Financial Reports.

*Estimated, subject to change. 2025 estimates provided by City of Walnut Creek Administrative Services Department.

Property Taxes

General. This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property taxpayers in the City. See the Statistical Section of the City's Fiscal Year 2023-24 audited financial statements, which are attached to this Official Statement as APPENDIX C, for a table of direct and overlapping governmental activities debt of the City.

Property taxes represent one of the largest sources of tax revenues to the City's General Fund at approximately 30% in Fiscal Year 2022-23 and 27% in Fiscal Year 2023-24 of total General Fund revenues. The City received approximately \$32.2 million in property tax revenue for Fiscal Year 2023-24. Overall, property tax revenues increased by 5.5% over Fiscal Year 2022-23. See " – Assessed Valuation" below.

Property taxes have historically been the primary revenue source affected by voter initiatives and legislative actions. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" and "BOND OWNERS' RISKS – Limitations on Taxes and Fees."

Levy and Collection. Property taxes are levied for each Fiscal Year on taxable real and personal property as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed public utilities property and real property the taxes on which are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property may be sold at public auction.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Assessed Valuation. All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.”

Future assessed valuation growth allowed under Article XIII A of the State Constitution (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

26. **Assessed Valuation History.** The following table shows the City's assessed valuation for Fiscal Years 2014-15 through 2025-

Table 6
Assessed Value of Taxable Property
Fiscal Years 2014-15 through 2025-26

Fiscal Year	Secured Property	Utility	Unsecured Property	Total Taxable Assessed Value
2014-15	\$13,760,145,671	\$0	\$444,176,260	\$14,204,321,931
2015-16	14,884,320,614	0	420,504,798	15,304,825,412
2016-17	16,026,832,476	0	443,464,638	16,470,297,114
2017-18	17,145,370,649	0	465,549,271	17,610,919,920
2018-19	18,271,673,716	0	484,250,913	18,755,924,629
2019-20	19,300,426,860	0	501,593,552	19,802,020,412
2020-21	20,334,313,102	0	562,416,669	20,896,729,771
2021-22	21,142,101,627	0	537,091,172	21,679,192,799
2022-23	22,500,273,627	0	530,677,921	23,030,951,548
2023-24	23,962,492,317	0	578,859,251	24,541,351,568
2024-25	24,296,567,191	0	602,068,860	24,898,636,051
2025-26	25,265,464,273	0	640,622,739	25,906,087,012

Source: California Municipal Statistics.

Proposition 13 and Proposition 8 Property Value Adjustments. Proposition 13, adopted in 1978, established the base year value concept for property tax assessments. Under Proposition 13, the 1975-76 Fiscal Year serves as the original base year used in determining the assessment for real property. Thereafter, annual increases to the base year value are limited to the inflation rate, as measured by the California Consumer Price Index, or 2%, whichever is less. A new base year value, however, is generally established whenever a property, or portion thereof, has had a change in ownership or has been newly constructed.

Proposition 8, enacted in 1978, allows for a temporary reduction in assessed value when a property suffers a “decline-in-value.” As of January 1st (lien date) each year, the Assessor must enroll either a property’s Proposition 13 value (adjusted annually for inflation by no more than 2%) or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 value, the lower value is commonly referred to as a “Proposition 8 Value.” “Proposition 8 values” are temporary and, once enrolled, must be reviewed annually by the assessor until the Proposition 13 adjusted base year value is enrolled.

Major Property Taxpayers. The following table shows the principal property taxpayers in the City as determined by their taxable assessed valuations in Fiscal Year 2025-26.

Table 7
Principal Property Taxpayers

Property Owner	Primary Land Use	2025-26 Assessed Valuation	% of Total
First Walnut Creek Mutual	Cooperatives – Rossmoor	\$665,095,035	2.63%
Second Walnut Creek Mutual	Cooperatives – Rossmoor	489,408,075	1.94
Macerich Northwest Associates	Shopping Center	365,901,167	1.45
WCTV Parcel 2 LLC	Apartments	224,028,130	0.89
Viamonte Senior Living 1 Inc.	Assisted Living Facility	177,112,702	0.70
SFF PWC LLC	Office Building	162,000,000	0.64
Essex Property Trust	Apartments	149,630,400	0.59
Escuela Shopping Center LLC	Shopping Center	140,180,000	0.55
Ygnacio Center Owner LLC	Office Building	111,000,000	0.44
Macy’s Primary Real Estate LLC	Shopping Center	110,716,835	0.44
Shadelands Park LLC	Shopping Center	109,710,275	0.43
Well Kisco BP Phase I PCL	Assisted Living Facility	108,538,722	0.43
Vaya WC LLC	Apartments	104,733,500	0.41
1500 N. California Blvd. LLC	Apartments	90,175,545	0.36
California Plaza Owner LLC	Office Building	90,000,000	0.36
1910 N. Main St. Apt Capital LLC	Apartments	84,859,200	0.34
Cal I Ygnacio Valley LLC	Apartments	78,340,126	0.31
MLVI Park Lane Apartments LLC	Apartments	73,668,617	0.29
Raintree Walnut Creek LLC	Apartments	69,691,458	0.28
SFII Mt. Diablo Plaza LLC	Office Building	69,255,000	0.27
		\$3,474,044,787	13.75%

Source: California Municipal Statistics.

Teeter Plan. The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 et seq. of the California Revenue and Taxation

Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions, including the City, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all tax levies on secured property for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the City) for which the County acts as the tax-levying or tax-collecting agency.

Sales and Use Taxes

Sales taxes represent the largest source of tax revenue to the City at approximately 35% in Fiscal Year 2022-23 and 37% in Fiscal Year 2023-24 of total General Fund revenues. The City's General Fund received approximately \$44.1 million in Sales Tax revenue for Fiscal Year 2023-24, a growth of 23% over Fiscal Year 2022-23, which was mostly due to the Measure O half cent local transaction and use tax "Measure O") that went into effect on April 1, 2023, and discussed in more detail below.

The City has two revenue streams for Sales Tax; Bradley-Burns, the State's Sales Tax and Measure O, the City's local half-cent transactions and use tax. The City receives a portion of the statewide Sales Tax, 1 cent per dollar transaction. In Fiscal Year 2023-24, the City's 1% of the Bradley-Burns Sales Tax grew by 1.3%, with such limited growth due to a variety of local, statewide, and national economic challenges, including elevated inflation, rising housing costs, difficulties with employee hiring and retention, and general economic slowdown.

This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State of California.

Sales Tax Rates. The City collects a percentage of taxable sales in the City (minus certain administrative costs imposed by the State) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (the "**Sales Tax Law**"), as shown below.

Local taxes are included in the statewide sales and use tax rate of 9.25%. Additional local taxes approved by voters (also referred to as district taxes or "transaction taxes") are applied to purchases where the goods are delivered or placed into use in the City.

Currently, taxable transactions in the City are subject to the following sales and use tax, of which the City's share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:

**Table 8
Sales Tax Rates
Fiscal Year 2023-24**

	<u>Rate</u>
State of California	6.00%
Contra Costa County	0.25
Contra Costa County District Tax	1.50 ⁽¹⁾
Contra Costa County Local Tax	1.00
City Walnut Creek Measure O	0.50
Total Sales Tax Rate	9.25%

Source: City of Walnut Creek.

(1) Contra Costa County District Tax split equally between Bay Area Transportation Authority, Contra Costa Transportation Authority and Contra Costa County transactions and use tax.

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State of California. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State of California where the use will occur within the State of California. The Sales Tax is imposed upon the same transactions and items as the statewide sales tax and the statewide use tax.

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's Publication No. 61 entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the California Department of Tax and Fee Administration ("CDTFA") website at www.cdtfa.ca.gov. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.*

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the CDTFA. Retailers engaged in business in California must register with the CDTFA and pay the state's sales tax, which applies to all retail sales of goods and merchandise except those sales specifically exempted by law. The use tax generally applies to the storage, use, or other consumption in California of goods purchased from retailers in transactions not subject to the

sales tax. Use tax may also apply to purchases shipped to a California consumer from another state, including purchases made by mail order, telephone, or Internet. The sales and use tax rate in a specific California location has three parts: the state tax rate, the local tax rate, and any district tax rate that may be in effect. These transmittals are required to be made at least twice in each calendar quarter.

Under its procedures, CDTFA projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the City on a monthly basis. The amount of each monthly advance is based upon CDTFA's quarterly projection. During the last month of each quarter, CDTFA adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter.

According to CDTFA, it distributes quarterly tax revenues to cities, counties and special districts using the following method:

Using the prior year's like quarterly tax allocation as a starting point, CDTFA first eliminates nonrecurring transactions such as fund transfers, audit payments and refunds, and then adjusts for growth, in order to establish the estimated base amount. CDTFA disburses 90% to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter's actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 27% of the 90% distribution, while the third advance represents 46%. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed with the third payment. Statements showing total collections, administrative costs, prior advances and the current advance are provided with each quarterly clean-up payment.

CDTFA receives an administrative fee based on the cost of services provided by CDTFA to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City. In addition, the City receives auditing and forecasting services from HdL to ensure that the City receives the proper allocation of sales tax revenue.

Historical Composition of Sales Tax Revenue. A historical summary of sales tax composition by category is shown in the following table. The data presented show the full value of the City's 1.0% share of sales taxes under the Sales Tax Law, and do not reflect the State's "triple-flip" adjustments, administrative fees, or the 5% of the City's revenue allocable to Contra Costa County. The table below is provided by the City's sales tax auditors (HdL) and reflects allocation on a calendar year basis.

Table 9
Taxable Sales by Category
(calendar year basis)
(\$000s)

Category	2020	2021	2022	2023	2024
Auto dealers and auto suppliers	\$778,494	\$828,854	\$810,311	\$779,126	\$741,264
Home furnishing and appliance stores	53,969	72,400	84,429	89,093	85,340
Building maintenance and garden supplies	48,334	58,342	59,626	60,304	69,697
Food and beverage stores	98,807	97,211	96,237	95,249	95,306
Service stations	72,542	98,039	119,545	106,307	100,974
Apparel stores	143,053	251,867	275,630	276,937	281,403
General merchandise stores	111,028	114,239	124,328	130,580	135,114
Eating and drinking places	203,196	292,099	342,217	366,314	380,820
Other retail stores	132,520	166,254	170,516	167,559	162,880
All other outlets	250,281	436,820	518,957	463,345	438,965
Total all outlets	\$1,892,224	\$2,416,124	\$2,601,794	\$2,534,816	\$2,491,763

Source: State Department of Tax and Fee Administration.

Measure O. On November 8, 2022, Walnut Creek voters passed Measure O, a 10-year, ½ cent transactions and use tax, to fund current and future quality of life needs.

Measure O funds are general sales tax revenue and can legally be used for any purpose. However, as part of the extensive outreach process and ballot question, residents and voters provided important input regarding the community's priorities for the funding. The ballot measure language for Measure O included the requirement for annual audits and independent citizens' oversight of Measure O expenditures. To facilitate this requirement, Measure O funds will be accounted for separately from the City's General Fund.

In April of 2023 Measure O, the City's half cent transaction use tax went into effect. Monies collected from this tax measure are to be programmed for a new aquatics and community center at Heather Farm Park, a roughly \$75.8 million dollar project estimated to begin construction in 2026. Additionally, Measure O revenues funded new turf and lighting for City fields, and funded City operations in line with community priorities, including public safety, extra library hours, sustainability initiatives, and the arts.

The following table shows the budgeted and audited actual revenues and expenses for the Measure O fund in Fiscal Year 2023-24, along with the budgeted and estimated actual revenues expenses for Fiscal Year 2024-25.

Table 10
Statement of Measure O Fund Revenues, Expenditures
and Changes in Fund Balance
Fiscal Year 2023-24

	Fiscal Year 2023-24			Fiscal Year 2024-25		
	Budgeted	Actual	Variance with Final Budget Positive (Negative)	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues						
Taxes						
Sales and use	\$12,500,000	\$12,758,621	\$258,621	\$12,401,000	\$12,550,872	\$149,872
Property	--	--	--	--	--	--
Investment and rental income	--	155,669	155,669	20,000	484,477	464,477
Other revenue	--	--	--	--	--	--
Total revenues	12,500,000	12,914,290	414,290	12,421,000	13,035,349	614,349
Expenditures						
Current:						
Public protection	1,252,318	742,681	509,637	1,319,198	1,463,306	(144,108)
Public works	652,301	483,806	168,495	838,972	625,536	213,436
Community and economic development	105,000	103,192	1,808	180,000	180,000	--
Arts and recreation	198,539	192,220	6,319	205,347	152,731	52,616
Administrative services	--	--	--	--	--	--
Human resources	--	--	--	--	--	--
General government	450,219	279,252	170,967	745,848	441,531	304,317
Debt Service:						
Principal retirement	--	--	--	--	--	--
Interest, fiscal charges and issuance costs	--	--	--	--	--	--
Total expenditures	2,658,377	1,801,151	857,226	3,289,365	2,863,104	426,261
Revenues over (under) expenditures	9,841,623	11,113,139	1,271,516	9,131,635	10,172,245	1,040,610
Other financing sources (uses)						
Sale of asset	--	--	--	--	--	--
Transfers in	--	--	--	--	--	--
Transfers (out)	(2,000,000)	--	2,000,000	(2,250,000)	(749,197)	1,500,803
Total other financing sources (uses):	(2,000,000)	--	2,000,000	(2,250,000)	(749,197)	1,500,803
Net change in fund balance	7,841,623	11,113,139	3,271,516	6,881,635	9,423,048	2,541,413
FUND BALANCE:						
Beginning of year		2,896,706			14,009,845	
End of year		\$14,009,845			\$23,432,893	

Other Taxes and Revenues

Business License Taxes. Business taxes are paid by individuals and entities for the privilege of conducting business in the City and to help pay for public services that contribute to a favorable business environment. The tax rate depends upon the size of the business. Some businesses pay a flat rate. Business tax receipts tend to fluctuate with economic cycles, though to a lesser degree than sales taxes.

Each business tax will be determined annually based upon the gross receipts of the business, or upon election of the business owner (or if the business does not produce any gross receipts), based on a formula tied to the consumer price index.

Exemptions are provided for the following:

- Minors whose gross receipts do not exceed \$1,000 in the calendar year.
- Franchised business who pay a franchise fee to the City.
- Solicitors in interstate commerce.
- Charitable organizations.

The City's General Fund received approximately \$3.7 million in Business License tax revenue for Fiscal Year 2022-23 and approximately \$1.6 million for Fiscal Year 2023-24.

Franchise Taxes. State law provides cities with the authority to grant franchises to privately-owned utility and other companies for their use of the public right-of-way. The City receives franchise fees from the electric and gas utility, the solid waste collection company, and local cable companies. The dominant franchise fees are calculated as a percentage of the respective franchisee's gross revenues (subject to specified statutory adjustments) earned from services delivered or performed by the franchisee within the City.

The City's General Fund received approximately \$3.9 million in franchise fee revenue for Fiscal Year 2022-23 and approximately \$4.0 million for Fiscal Year 2023-24.

Transient Occupancy Taxes (TOT). The City's transient occupancy tax rate of 8.5% is charged on hotel and motel room occupancies of 30 days or less. It is paid by hotel and motel customers in addition to the room rate. Fiscal Year 2023-24 General Fund transient occupancy tax revenues were \$2.6 million, an increase of 59% from the prior Fiscal Year level.

Long-Term Obligations

General Fund and Enterprise Obligations. Following is a summary schedule of the City's outstanding debt, including both General Fund obligations and enterprise (business-type) obligation.

	Balance June 30, 2024
Governmental Activities	
PG& E Energy Efficiency Retrofit Program Loan #4	\$ 267,638
PG& E Energy Efficiency Retrofit Loan #5	<u>102,138</u>
Total Governmental Activities	\$ 369,776
Business-Type Activities	
US Bank Golf Course Equipment Lease #8	\$ 14,030
US Bank Golf Course Equipment Lease #9	14,855
US Bank Golf Course Equipment Lease #10	27,372
US Bank Golf Course Equipment Lease #11	309,552
Pinnacle Lease Financing Golf Course Clubhouse Improvement	<u>1,253,547</u>
Total Business-Type Activities	1,619,356
Total	<u>\$ 1,989,132</u>

Source: City of Walnut Creek Fiscal Year 2023-24 Annual Comprehensive Financial Report.

PG&E Energy Efficiency Retrofit Program Loan #4. During Fiscal Year 2018-19, the City entered into an Energy Efficiency Retrofit On-bill financing loan agreement with Pacific Gas & Electric for the cost of installing new light-emitting diode (LED) light fixtures, energy efficiency demand response equipment and service to Shadelands Community Arts Center and the city garages. This loan was recorded at the acquisition cost of \$583,938 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$4,866, is estimated to be approximately 10 years. All lines of credit of the agreement have been used and the agreement can be terminated at will by either party, which will result in the acceleration of payment of the full amount of the interest-free loan. The outstanding balance at June 30, 2024 is \$267,638.

PG&E Energy Efficiency Retrofit Program Loan #5. During Fiscal Year 2018-19, the City entered into an Energy Efficiency Retrofit On-bill financing loan agreement with Pacific Gas & Electric for the cost of installing new light-emitting diode (LED) light fixtures, energy efficiency demand response equipment and service to the City Hall Police Station. This loan was recorded at the acquisition cost of \$222,844 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$1,857, is estimated to be approximately 10 years. All lines of credit of the agreement have been used and the agreement can be terminated at will by either party, which will result in the acceleration of payment of the full amount of the interest-free loan. The outstanding balance at June 30, 2024 is \$102,138.

Compensated Absences. Compensated absences (unpaid employee vacation) for the governmental activities of the City as of June 30, 2024 amounted to \$5,173,257. The City's General Fund has been and continues to be the primary funding source for the liquidation of governmental activities portion compensated absences.

Direct and Overlapping Bonded Debt

Set forth following is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. and effective November 4, 2025. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the City; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within the City; and (3) the third column is an apportionment of the dollar amount of each public agency’s outstanding debt (which amount is not shown in the table) to property in the City, as determined by multiplying the total outstanding debt of each agency by the percentage of the City’s assessed valuation represented in column 2.

**City of Walnut Creek
Summary of Overlapping Debt
As of November 4, 2025**

City FY 2025-26 Assessed Valuation: \$25,906,087,012

OVERLAPPING TAX AND ASSESSMENT DEBT:

	<u>% Applicable</u>	<u>Debt 11/1/25</u>
Bay Area Rapid Transit District	2.396%	\$70,610,360
Contra Costa Community College District	8.927	50,309,448
Mt. Diablo Unified School District	17.737	69,780,019
San Ramon Valley Unified School District	0.668	1,814,956
Acalanes Union High School District	29.612	41,081,520
Lafayette School District	1.736	1,114,425
Walnut Creek School District	71.238	104,823,155
East Bay Regional Park District	3.715	5,057,973
Pleasant Hill Recreation and Park District	0.134	25,829
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$344,617,685

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Contra Costa County General Fund Obligations	8.899%	\$13,423,697
Mt. Diablo Unified School District General Fund Obligations	17.737	\$584,434
San Ramon Valley Unified School District General Fund Obligations	0.668	\$64,868
City of Walnut Creek General Fund Obligations	100	796,074 ⁽¹⁾
Pleasant Hill Recreation and Park District Certificates of Participation	0.134	5,849
Contra Costa Mosquito and Vector District	8.899	687,465
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$15,562,387
Less: Contra Costa County Obligations supported by revenue funds		3,055,750
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$12,506,637
GROSS COMBINED TOTAL DEBT		\$360,180,072⁽²⁾
NET COMBINED TOTAL DEBT		\$357,124,322

Ratios to 2025-26 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.33%
Total Direct Debt (\$796,074)	0.003%
Gross Combined Total Debt	1.39%
Net Combined Total Debt	1.38%

(1) Excludes issue to be sold.

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

Source: California Municipal Statistics, Inc.

Employee Relations

There are approximately 492 full and part-time employees of the City, represented by formal labor organizations or not represented, as shown in the table below.

Labor Group	Number of Employees	Contract Expiration Date
Elected	6	N/A; 4 year staggered terms
Appointed	1	At Will
Department Directors	7	June 30, 2027
General Management Unit	68	June 30, 2027
Professional Unit	34	June 30, 2027
Confidential Unit	16	June 30, 2027
General Employees Unit	115	June 30, 2027
Civilian Police Unit	27	June 30, 2027
Police Management Unit	15	June 30, 2027
Police Officers Unit	56	June 30, 2027
Hourly Employees	147	N/A
Total	492	

Risk Management

The City is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains the Insurance Internal Service Fund to account for and finance its risks of loss.

Coverage. The City is a member of the Municipal Pooling Authority of Northern California (“MPANC”). MPANC provides coverage against general, workers’ compensation and dental claim loss risks under the terms of a joint powers agreement with the City and nineteen other cities and governmental agencies. MPANC is governed by a board consisting of representatives from member municipalities. The Board controls the operations of the MPANC, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board. MPANC 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 MPANC are in accordance with formulas established by MPANC. 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.

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, 2024, was estimated by management and based on MPANC's claims experience and was computed as follows:

	General Liability	Workers' Compensation	Claims Liability	Total
Balance as of July 1, 2022	\$2,386,612	\$4,314,206	\$24,100	\$6,724,918
Claims incurred and changes in estimate	1,585,087	(1,382,998)	319,894	521,983
Claims paid	<u>(1,398,457)</u>	<u>(708,015)</u>	<u>(323,257)</u>	<u>(2,429,729)</u>
Balance as of July 1, 2023	<u>\$2,573,242</u>	<u>\$2,223,193</u>	<u>\$20,737</u>	<u>\$4,817,172</u>
Balance as of July 1, 2023	\$2,573,242	\$2,223,193	\$20,737	\$4,817,172
Claims incurred and changes in estimate	342,981	3,933,480	395,976	4,672,437
Claims paid	<u>(1,016,339)</u>	<u>(1,213,615)</u>	<u>(401,613)</u>	<u>(2,631,567)</u>
Balance as of July 1, 2024	<u>\$1,899,884</u>	<u>\$4,943,058</u>	<u>\$15,100</u>	<u>\$6,858,042</u>
Current portion as of June 30, 2024				<u>\$2,631,567</u>
Long term portion as of June 30, 2024				<u>\$4,226,475</u>

See Note 12 in the City's Fiscal Year 2023-24 audited financial statements, which are attached to this Official Statement as APPENDIX C, for additional information about the City's risk management practices.

Employee Retirement System

This caption contains certain information relating to California Public Employees' Retirement System ("CalPERS"). The information is primarily derived from the City's Annual Comprehensive Financial Report and information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.

The Annual Comprehensive financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. None of the Authority, City or Purchaser can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Plan Descriptions. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Miscellaneous Plan. The Miscellaneous employees of the City are part of a three-tier agent multiple-employer defined benefit pension plan. The second tier retirement program

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

Safety Plan. The City's safety plan became part of a CalPERS Safety Risk Pool for employers with less than 100 active plan members. When these risk pools were established, CalPERS assigned each entity in the pool a share of the net pension liability. The safety employees are part of a three-tier cost-sharing multiple-employer defined benefit plan administered by CalPERS. The second tier retirement program provides a lower level of retirement benefits than the first tier. Employees hired on or after November 22, 2012 (sworn safety personnel) who meet eligibility requirements, are enrolled in the second tier program. The third tier program was implemented in January 2013 following the passage of AB340 (PEPRA) by the California Legislature. Employees hired on or after January 1, 2013 who were not previously enrolled in the PERS system elsewhere or who have had a break in service of at least six months are required to be enrolled in this retirement program which provides a benefit level that is lower than the first two tiers.

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

A summary of the City's benefit formulas as of June 30, 2024, is provided below:

Miscellaneous

Hire date	Prior to March 2, 2012	After March 2, 2012	On or after January 1, 2013
Benefit formula	2% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 55	52-67
Monthly benefits, as of % of eligible compensation	1.426% - 2.418%	1.092% - 2.418%	1.0%-2.5%
Required employee contribution rates	7%	7%	8.00%
Required employer contribution rates	7.39%	7.39%	7.39%
Required UAL contribution-Miscellaneous		\$6,026,620	

Safety-Police

	Classic Tier I	Classic Tier II	PEPRA
Hire date	Prior to November 22, 2012	On or after November 22, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50+	50-55+	50-57+
Monthly benefits, as of % of eligible compensation	3.0%	2.4%-3.0%	2.0%-2.7%
Required employee contribution rates	0.09%	0.09%	0.145%
Required employer contribution rates	29.09% + \$4,617,597*	24.79% + 0*	14.50% + 20,947*

*UAL

Beginning in Fiscal Year 2018, CalPERS collects employer contributions for the Plans as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded accrued liability (“UAL”). The dollar amounts are billed on an annual basis. The City’s required contributions for the unfunded liability for Miscellaneous and Safety Plans were \$7,055,068 and \$5,518,488, respectively, in Fiscal Year 2024-25.

Employees Covered. At the June 30, 2024 measurement date, the following employees were covered by the benefit terms for each plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	457	n/a
Inactive employees entitled to but not yet receiving benefits	555	n/a
Active employees	290	n/a
Total	1,302	n/a

Required Contributions. The City is required to contribute at an actuarially determined rate of annual covered payroll for normal cost and an actuarially determined dollar amount to amortize the unfunded liability. The actuarially determined rates and contribution amounts for each plan for the Fiscal Years ended June 30, 2022, through June 30, 2024, are as follows:

	Fiscal Year 2023-24		Fiscal Year 2024-25		Fiscal Year 2025-26	
	Employer Normal Cost Rate	Employer Payment of Unfunded Liability	Employer Normal Cost Rate	Employer Payment of Unfunded Liability	Employer Normal Cost Rate	Employer Payment of Unfunded Liability
Safety Plan	29.09%	\$4,772,013	29.30%	\$5,613,593	29.35%	\$6,321,608
Safety Plan 2nd Tier	24.79	0	24.96	31,015	25.02	63,447
PEPRA Safety Plan	14.50	21,647	14.72	58,423	14.96	97,231
Miscellaneous Plan	10.76	6,228,155	10.35	7,290,996	10.09	6,970,911

Source: CalPERS Actuarial Reports dated July 2022, July 2023, and July 2024.

On July 14, 2025, CalPERS announced preliminary investment returns for the 12-month period ended June 30, 2025, of 11.6%. Such returns are higher than CalPERS' current assumed rate of investment return (6.8%). See “Recent Actions Taken by CalPERS” below.

The City's total contributions to each plan in Fiscal Years 2021-22, 2022-23, and 2023-24 were as follows:

Miscellaneous Plan

<u>Fiscal Year</u>	<u>Total City Contribution</u>
2021-22	\$8,045,859
2022-23	8,770,402
2023-24	9,236,476

Safety Plan

<u>Fiscal Year</u>	<u>Total City Contribution</u>
2021-22	\$6,173,901
2022-23	6,826,478
2023-24	7,045,988

Projected Contributions. The table below shows the City's required and projected contributions (before cost sharing) for the next six Fiscal Years, as projected by CalPERS. Projected results reflect the adopted changes to the CalPERS discount rate. The projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in these projections do not reflect that the normal cost will decline over time as new employees are hired into PEPRa or other lower cost benefit tiers.

Miscellaneous Plan

	<u>Required Contribution</u>	<u>Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2023-24 and Beyond)</u>				
<u>Fiscal Year</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>
Normal Cost %	10.09%	10.0%	9.8%	9.7%	9.6%	9.5%
UAL Payment	\$6,970,911	\$7,529,000	\$7,955,000	\$8,881,000	\$9,099,000	\$9,289,000

Source: CalPERS Actuarial Report dated July 2024.

Safety Plan (Tier 1)

	<u>Required Contribution</u>	<u>Projected Future Employer Contributions (Assumes 6.8% Return for Fiscal Year 2023-24 and Beyond)</u>				
<u>Fiscal Year</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>
Normal Cost %	29.35%	29.4%	29.4%	29.4%	29.4%	29.4%
UAL Payment	\$6,321,608	\$6,732,000	\$7,071,000	\$7,777,000	\$7,956,000	\$8,118,000

Source: CalPERS Actuarial Report dated July 2024.

Safety Plan (Tier 2)

	Required Contribution	Projected Future Employer Contributions (Assumes 6.8% Return for Fiscal Year 2023-24 and Beyond)				
Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Normal Cost %	25.02%	25.0%	25.0%	25.0%	25.0%	25.0%
UAL Payment	\$63,447	\$85,000	\$106,000	\$128,000	\$129,000	\$129,000

Source: CalPERS Actuarial Report dated July 2024.

Safety Plan- PEPRA

	Required Contribution	Projected Future Employer Contributions (Assumes 6.8% Return for Fiscal Year 2023-24 and Beyond)				
Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Normal Cost %	14.96%	15.0%	15.0%	15.0%	15.0%	15.0%
UAL Payment	\$97,231	\$124,000	\$150,000	\$155,000	\$156,000	\$156,000

Source: CalPERS Actuarial Report dated July 2024.

Funded Status. The following table sets forth the schedule of funding progress for the City's Miscellaneous and Safety pension plans as of the three most recent actuarial valuation dates.

Miscellaneous Plan

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio ⁽¹⁾	Annual Covered Payroll
2021	\$256,236,693	\$201,183,726	\$55,052,967	78.5%	\$24,453,959
2022	268,056,423	181,961,925	86,094,498	67.9	26,119,456
2023	276,331,193	189,318,412	87,012,781	68.5	28,558,432

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated July 2024.

Safety Plan (Tier 1)

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio ⁽¹⁾	Annual Covered Payroll
2021	\$199,836,020	\$152,989,482	\$46,846,538	76.6%	\$4,405,482
2022	207,151,740	136,656,524	70,495,216	66.0	4,160,589
2023	212,846,891	138,734,894	74,111,997	65.2	4,114,032

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated July 2024.

Safety Plan (Tier 2)

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio ⁽¹⁾	Annual Covered Payroll
2021	\$6,097,862	\$6,265,175	\$(167,313)	\$102.7%	\$1,595,675
2022	7,072,917	6,154,356	918,561	87.0	1,886,968
2023	8,240,880	7,093,370	1,147,510	86.1	1,999,416

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated July 2024.

Safety Plan-PEPRA

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio ⁽¹⁾	Annual Covered Payroll
2021	\$4,227,550	\$4,318,076	\$(90,526)	102.1%	\$4,300,588
2022	7,634,005	6,495,690	1,138,315	85.1	5,027,090
2023	9,254,684	7,774,642	1,480,042	84.0	5,321,063

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated July 2024.

Potential Impacts on Future Required Contributions. The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City's required contributions to CalPERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

Change in Assumptions/Discount Rate. On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from the then-current rate of 7.50% to 7.00% over a three-year period. The change was reflected in the June 30, 2016 actuarial report, which lowered the discount rate from 7.50% to 7.375%; in the June 30, 2017 actuarial report, which lowered the discount rate from 7.375% to 7.25%; and in the June 30, 2018 actuarial report, which lowered the discount rate from 7.25% to 7.00%. CalPERS further reduced the discount rate to 6.8% in September 2021.

Investment Performance. CalPERS earnings reports for Fiscal Years 2013 through 2023 report investment gains of approximately 12.5%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7%, 4.7%, 21.3%, (6.1%), and 5.8%, respectively. The CalPERS Fiscal Year 2022-23 investment gain of 5.8% is not included as an amortization base in the most recent CalPERS valuation report and is not reflected in the numbers included herein. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City. CalPERS has preliminarily reported a 11.6% investment return for Fiscal Year 2024-25.

The CalPERS website contains the most recent actuarial valuation reports for the City's Miscellaneous Plan and Safety Plan and other information that concerns benefits and other matters. The Comprehensive Annual financial reports of CalPERS are also available on CalPERS' Internet website at www.calpers.ca.gov. The textual reference to such Internet website

is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. Neither the Authority, the City, nor the Purchaser guarantee the accuracy of such information.

No Other Post-Employment Benefits (“OPEB”)

The City does not currently offer other post-employment retirement benefits.

Investment Policies and Procedures

The City invests its funds in accordance with the City’s Investment Policy (the “**Investment Policy**”), which is subject to annual review and approval by the City Council. The purpose of the Investment Policy is to invest public funds in a manner which will provide the highest investment return with the maximum security, while meeting the City’s safety, liquidity and daily cash flow requirements and conforming to all State statutes (California Government Code (Gov. Code) §53600, et seq.) and City ordinances governing the investment of public funds.

The City’s overall investment program is designed and managed with a degree of professionalism worthy of the public trust. The overriding objectives of the program are to preserve principal, provide sufficient liquidity, and manage investment risks, while seeking a rate of return exceeding the average six-month U.S. Treasury Bill rates.

The City’s investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Government Code, the City seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between the Investment Policy and the Government Code, the more restrictive parameters will take precedence.

The City Treasurer and Administrative Services Department submits a quarterly investment report to the City Council which provides full disclosure of the City’s investment activities within 30 days after the end of the quarter.

As of September 30, 2025, the City has invested funds as set forth in the table below.

Table 11
Investment Portfolio as of September 30, 2025

	Market Value	Percentage of Portfolio
Investments in City Pool:		
Federal Securities	\$48,367,156	34.1%
California General Obligation Bonds	1,972,180	1.4%
Municipal Bonds	1,416,134	1.0%
Corporate Bonds	43,219,783	30.5%
Certificates of Deposit	9,931,277	7.0%
Money Market Funds	22,232,022	15.7%
LAIF	14,661,313	10.3%
Total City Pool Investments	\$141,799,865	100%
Investments Held by Trustees:	\$31,554,415	
Total Investments	\$173,354,280	

Source: City of Walnut Creek.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIII A of the State Constitution

On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the State Constitution. Article XIII A, as amended, limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service (i) on indebtedness approved by the voters prior to July 1, 1978, (ii) on bonded indebtedness approved by a two-thirds vote on or after July 1, 1978, for the acquisition or improvement of real property or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters voting on the proposition. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situation." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the State Constitution

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriations limit” imposed by Article XIII B which effectively limits the amount of such revenues those entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity have their own appropriations limits. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each agency’s actual appropriations be tested against its limit every two years.

If the aggregate “proceeds of taxes” for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency’s taxpayers through tax rate or fee reductions over the following two years.

The City has never exceeded its appropriations limit.

Articles XIII C and XIII D of the State Constitution

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article

XIIIC define “taxes” that are subject to voter approval as “any levy, charge, or exaction of any kind imposed by a local government,” with certain exceptions.

Taxes. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City (“general taxes”) require a majority vote; taxes for specific purposes (“special taxes”), even if deposited in the City’s General Fund, require a two-thirds vote.

Property-Related Fees and Charges. Article XIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs.

Reduction or Repeal of Taxes, Assessments, Fees and Charges. Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund. If such repeal or reduction occurs, the City’s ability to pay debt service on the 2025 Bonds could be adversely affected.

Burden of Proof. Article XIIIC provides that local government “bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.” Similarly, Article XIID provides that in “any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance” with Article XIID.

Judicial Interpretation of Proposition 218. The interpretation and application of Articles XIIIC and XIID will ultimately be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination.

Impact on City’s General Fund. The City does not believe that any material source of General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

The approval requirements of Articles XIIIC and XIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees, charges or taxes in the future that it may need to meet increased expenditure needs.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity’s legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local

governmental entities except as permitted by Article XIII A, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995, in *Fresno County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The City has not experienced any substantive adverse financial impact as a result of the passage of this initiative.

Proposition 1A; Proposition 22

Proposition 1A. Proposition 1A, proposed by the Legislature in connection with the State's Fiscal Year 2004-05 Budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibited the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any Fiscal Year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county had to be approved by two-thirds of both houses of the Legislature.

Proposition 22. Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Possible Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D and Propositions 62, 111, 218 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the 2025 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any 2025 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors in the 2025 Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the 2025 Bonds. There can be no assurance that other considerations will not materialize in the future.

No Pledge of Taxes

General. The obligation of the City to pay the Lease Payments and Additional Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Lease Payments and Additional Rental Payments does not constitute a debt or indebtedness of the Authority, the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The City is currently liable on other obligations payable from general revenues, which are described above under "CITY FINANCIAL INFORMATION – Long-Term General Fund Obligations."

Limitations on Taxes and Fees

Limitations on Taxes and Fees. Certain taxes, assessments, fees and charges presently imposed by the City could be subject to the voter approval requirements of Article XIIC and Article XIID of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved. The City has assessed the potential impact on its financial condition of the provisions of Article XIIC and Article XIID of the State Constitution respecting the imposition and increase of taxes, fees, charges and assessments and does not believe that an election by the voters to reduce or eliminate the imposition of certain existing fees, charges, assessments and taxes would substantially affect its financial condition. However, the City believes that if the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to Article XIIC and Article XIID of the State Constitution are eliminated or substantially reduced, the financial condition of the City, including its General Fund, could be materially adversely affected.

Although the City does not currently anticipate that the provisions of Article XIIC and Article XIID of the State Constitution would adversely affect its ability to pay Lease Payments and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIIC and Article XIID of the State Constitution on the City's finances. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Additional Obligations

The Indenture allows Additional Bonds payable from additional Lease Payments subject to certain conditions set forth in the Indenture, including a requirement that the aggregate Lease Payments will not exceed the fair rental value of the Leased Property. See "SECURITY FOR THE

2025 BONDS – Additional Bonds” and “APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.” In the event that the Additional Bonds are being issued to finance the construction of a to-be-built project, and such project is to be part of the Leased Property prior to its completion, the Supplemental Indenture authorizing the issuance of such Additional Bonds must require the deposit into a Capitalized Interest Account in the Interest Account, or a subaccount therein, of an amount sufficient to pay interest on such Additional Bonds through a date which is not less than six months after the anticipated completion date of the project, but only if such Additional Bonds are issued prior to the substantial completion of such project and only if the City is unable to make a finding that the fair rental value of the Leased Property prior to the completion of the project is equal to or greater than the aggregate amount of the Lease Payments coming due and payable during each Rental Period. There is some risk that failure to complete a project that is part of the Leased Property before any capitalized interest has been fully expended could result in the fair rental value of the Leased Property being less than the scheduled Lease Payments and, in such a situation, if the proceeds of rental interruption insurance are exhausted and the reserve fund (if any) is fully depleted, abatement of the Lease Payments may occur. However, the City believes that the requirement for capitalized interest to be established through a date that is not less than six months after the anticipated completion date should provide sufficient protection against this risk.

The City has existing obligations payable from its General Fund. See “CITY FINANCIAL INFORMATION – Long-Term General Fund Obligations.” The City is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of Owners of the 2025 Bonds. To the extent that additional obligations are incurred by the City, the funds available to pay Lease Payments may be decreased.

The Lease Payments and other payments due under the Lease Agreement (including payment of costs of repair and maintenance of the Leased Property, taxes and other governmental charges levied against the Leased Property) are payable from funds lawfully available to the City. If the amounts that the City is obligated to pay in a fiscal year exceed the City’s revenues for such year, the City may choose to make some payments rather than making other payments, including Lease Payments and Additional Rental Payments, based on the perceived needs of the City. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare.

Default

Whenever any event of default referred to in the Lease Agreement happens and continues, the Authority is authorized under the terms of the Lease Agreement to exercise any and all remedies available under law or granted under the Lease Agreement. See “APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” for a detailed description of available remedies in the case of a default under the Lease Agreement.

If a default occurs, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement. The Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the 2025 Bonds or pay debt service on the 2025 Bonds.

The City will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year’s

defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Abatement

Under certain circumstances related to damage, destruction, condemnation, or title defects which cause a substantial interference with the use and possession of the Leased Property, the City's obligation to make Lease Payments will be subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest on the 2025 Bonds as and when due. See "SECURITY FOR THE 2025 BONDS – Abatement" and "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

There will be no abatement of Lease Payments under the Lease Agreement to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments that would otherwise be abated. See "SECURITY FOR THE 2025 BONDS – Abatement." However, there is no assurance that the Authority will receive proceeds of hazard insurance or rental interruption insurance in time to make debt service payments on the 2025 Bonds when due.

Although the City is required under the Lease Agreement to maintain property and liability insurance with respect to the Leased Property, the required insurance coverage is subject to certain conditions and restrictions. See "SECURITY FOR THE 2025 BONDS – Property Insurance."

No Debt Service Reserve Fund

The Authority will not fund a debt service reserve fund for the 2025 Bonds. If Revenues are insufficient for the Authority to pay debt service on the 2025 Bonds when due, no debt service reserve will be available under the Indenture for the Authority to make such payments.

Property Taxes

Levy and Collection. The City does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the City's property tax revenues, and accordingly, could have an adverse impact on the ability of the City to make Lease Payments. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the City's ability to pay principal of and interest on the 2025 Bonds when due.

Reduction in Inflationary Rate. Article XIII A of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation a limited number of times.

The City is unable to predict if any adjustments to the full cash value base of real property within the City, whether an increase or a reduction, will be realized in the future.

Appeals of Assessed Values. There are two types of appeals of assessed values that could adversely impact property tax revenues:

Proposition 8 Appeals. Most of the appeals that might be filed in the City would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

Base Year Appeals. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the “base year” value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the City’s property tax revenues.

Natural Calamities

From time to time, the City could be subject to natural calamities that may adversely affect economic activity in the City, which could have a negative impact on the City’s finances. Additionally, a natural calamity adversely affecting the Leased Property could have a negative impact of the City’s use of such property, which could result in abatement of Lease Payments. See “– Abatement” above.

Seismic. Major earthquake fault zones in the vicinity of the City include the Concord fault zone, among others. The City cannot predict how much damage may occur within the City to the

Leased Property, specifically, and how much reduction in assessed valuation in the City may result from an earthquake.

Under the Lease Agreement, the City is not required to obtain earthquake insurance on the Leased Property.

Flood. The City has experienced several flood events during the last 50 years. Much of downtown flooded during a major storm event in 1958. More recently localized flooding occurred in 2002 and 2005 resulting in damage to homes and private properties. According to Federal Emergency Management Agency maps, portions of the City are in flood zones with a 1% Annual Chance Flood Hazard. In the event taxable property within the City were destroyed by flooding, the assessed valuation of such property would be reduced. Such reduction of assessed valuations could result in a reduction of property tax revenues to the City.

Fire Hazards. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several fires which occurred in 2017 damaged or destroyed property in areas that were not previously considered to be at risk from such events. In November 2018, the Camp Fire occurred in Butte County, California. The Camp Fire is the deadliest and most destructive wildfire in the recorded history of the State, burning more than 150,000 acres and destroying more than 11,500 structures, including most of the structures in the City of Paradise, California. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future.

The land within the City is susceptible to wildland fires due to a combination of factors including winds, temperatures, humidity levels, fuel moisture content of vegetation and topography. The risk to the community is increased in some areas because of the combustibility of building materials including roofs, adequacy of access roads, water supply duration, and pressure and maintenance of flammable vegetation surrounding structures.

To quantify this potential hazard, the California Department of Forestry and Fire Protection (“**Cal Fire**”) has developed a fire modeling and mapping process that utilizes three main criteria in order to evaluate and recommend potential fire hazards in wildland areas. The criteria are type of vegetation, fire weather, and topography. The maps developed by Cal Fire identify areas as Fire Hazard Severity Zones and include three severity classifications: moderate, high, and very high.

The City currently does not have Fire Hazard Severity Zones which are classified as “very high”, and recently created a fire break around the Rossmoor community, which is located in a Fire Hazard Severity Zone classified as “high”. The City is a participating jurisdiction in Contra Costa County’s 2024 Hazard Mitigation Plan, and the City adopted a Sustainability Action Plan that focuses both on lowering greenhouse gas emissions and climate resiliency as a means to reduce impacts of consequential hazards of climate change, including extreme heat, drought, and wildfire smoke.

Fire hazards in the City are usually created as the number of homes adjoining open space increases; therefore, much of the threat of wildland fires is due to open grasslands abutting residential developments. Many neighborhoods within the City are located in remote regions and are surrounded by grasslands. As the City continues to expand, more of these wildland urban interface areas are created. This situation creates extreme fire hazards, and the City is committed

to planning development, with the help of fire protection agencies, that minimizes the risk of fire to the greatest extent possible. Because of an extended dry season with low humidity, the City has many days where fire danger is critical.

In the event taxable property within the City were destroyed by wildfires, the assessed valuation of such property would be reduced. Such reduction of assessed valuations could result in a reduction of property tax revenues to the City.

Droughts. On October 19, 2021, the Governor declared a Statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. The declaration encouraged water agencies to draw upon supplies other than groundwater and to implement their water shortage contingency plans and authorized the State Water Resources Control Board to adopt regulations that prohibit wasteful water use (such as the use of potable water to wash paved surfaces or to irrigate landscaping during the two days following rainfall). There can be no assurance that subsequent declarations will not impose mandatory water use restrictions should dry conditions persist in future years.

Public Health Emergencies

General. In recent years, the COVID-19 pandemic impacted governments, businesses and people in a manner having negative effects on global and local economies. In response to the pandemic, the City took actions to activate its emergency operations center, temporarily close all non-essential City services, introduced teleworking as and where appropriate, implemented daily screening of all employees, and abided by all state and federal guidelines and orders.

Although the COVID-19 pandemic is now officially over, the City cannot predict the impact that COVID-19 or another future pandemic or other health event may have on the City's General Fund. There can be no assurances that the spread of future pandemics or other health events, such as declining business and travel activity, will not materially adversely impact the financial condition of the City and the City's General Fund. In addition, the City may experience increased personnel costs and/or reduced revenues due to any such situation and the related impact on economic and other activity in and around the City.

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

For Fiscal Year 2023-24, sales tax revenues were the largest source of revenue to the City. See "CITY FINANCIAL INFORMATION – Major Revenues" and "– Sales and Use Taxes." Sales tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors.

For example, the City may enter into an economic recession. In times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to also decline.

In addition, changes or amendments in the laws applicable to the City's receipt of sales tax revenues or other local taxes, whether implemented by State legislative action or voter initiative, could have an adverse effect on sales tax revenues received by the City. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 218 – Article XIIC and Article XIID."

For example, many categories of transactions are exempt from the statewide sales tax, and additional categories could be added in the future. Currently, most sales of food products for human consumption are exempt; this exemption, however, does not apply to liquor or to restaurant meals. The rate of sales tax levied on taxable transactions in the City or the fee charged by the California Department of Tax and Fee Administration for administering the City's sales tax could also be changed.

Because of the dynamic nature of the retail environment, there have been substantial shifts in the distribution of Bradley-Burns sales tax revenues in recent years, including as a result of increasing reliance on e-commerce by customers statewide and in response to judicial decisions and statutory implementation at both a federal and state level. There may be changes or amendments in the method by which the State distributes sales tax revenue in the future, and the City cannot predict how any such changes could impact sales tax revenues received by the City in future years, including revenues attributable to Measure O. Most of the City's sales tax revenues (including revenues from Measure O) relate to sales by retailers physically located in the City.

The increasing use of the Internet to conduct electronic commerce may affect the levels of sales tax receipts. Internet sales of physical products by businesses located in the State, and Internet sales of physical products delivered to the State by businesses located outside of the State are generally subject to the Measure O transactions and use tax. It is possible, however, that some of these transactions may avoid taxation either through error or deliberate nonreporting and this potentially reduces the amount of the Measure O transactions and use tax. As a result, the more that Internet use increases, along with a failure to collect sales taxes on such Internet purchases, the more sales tax revenues may be reduced.

Additionally, the City's Sales Tax projections were recently adjusted downward for Fiscal Year 2026 and Fiscal Year 2027 due to a change in reporting implemented by the California Department of Tax and Fee Administration (CDTFA) in the Automotive/Transportation category. This change is under audit with CDTFA and could affect Fiscal Year 2026 year-end results (approximately \$2.0 million). This change has a nominal impact to Measure O.

Limitations on Remedies Available to Bond Owners

The ability of the City to comply with its covenants under the Lease Agreement may be adversely affected by actions and events outside of the control of the City and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" above. Furthermore, any remedies available to the owners of the 2025 Bonds upon the occurrence of an event of default under the Lease Agreement or the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondowner remedies contained in the Lease Agreement and the Indenture, the rights and obligations under the 2025 Bonds, the Lease Agreement and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the

sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the 2025 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The opinion to be delivered by Bond Counsel concurrently with the issuance of the 2025 Bonds will include a qualification that the rights of the owners of the 2025 Bonds and the enforceability of the 2025 Bonds and the Indenture, the Lease Agreement and the Site Lease may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases. See APPENDIX D — PROPOSED FORM OF OPINION OF BOND COUNSEL.

Loss of Tax-Exemption

As discussed under the caption “TAX MATTERS,” interest on the 2025 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2025 Bonds were issued, as a result of future acts or omissions of the Authority or the City in violation of their respective covenants in the Lease Agreement and the Indenture. Should such an event of taxability occur, the 2025 Bonds are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2025 Bonds or, if a secondary market exists, that any 2025 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City. The City is also reliant on other entities and service providers in connection with the administration of the 2025 Bonds, including without limitation the County tax collector for the levy and collection of property taxes, and the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the 2025 Bonds owners.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that

the 2025 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2025 Bonds might be affected as a result of such an audit of such 2025 Bonds (or by an audit of similar bonds or securities).

Impact of Legislative Proposals, Clarifications of the Tax Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Tax Code (defined herein) or court decisions may cause interest on the 2025 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent 2025 Bonds owners from realizing the full current benefit of the tax status of such interest.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall LLP, as Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2025 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2025 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2025 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2025 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2025 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2025 Bonds on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2025 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2025 Bonds. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2025 Bonds who purchase the 2025 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2025 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2025 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2025 Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2025 Bonds (said term being the shorter of the 2025 Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the 2025 Bonds for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2025 Bond is amortized each year over the term to maturity of the 2025 Bonds on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium 2025 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2025 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2025 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2025 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2025 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2025 Bonds, or as to the consequences of owning or receiving interest on the 2025 Bonds, as of any future date. Prospective purchasers of the 2025 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2025 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2025 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2025 Bonds, the ownership, sale or disposition of the 2025 Bonds, or the amount, accrual or receipt of interest on the 2025 Bonds.

CERTAIN LEGAL MATTERS

Jones Hall LLP, as Bond Counsel, will render an opinion with respect to the validity of the 2025 Bonds, the form of which is set forth in APPENDIX D.” Certain legal matters will also be passed upon for the City and the Authority by Jones Hall LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney.

LITIGATION

To the best knowledge of the City, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending and notice of which has been served on and received by the City or, to the knowledge of the City, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Lease Agreement, the Site Lease or the Indenture, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by the Lease Agreement, the Site Lease or the Indenture, or the financial conditions, assets, properties or operations of the City, including but not limited to the payment and performance of the City's obligations under the Lease Agreement.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), has assigned its municipal bond rating of "AA+" to the 2025 Bonds.

This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2025 Bonds may have an adverse effect on the market price or marketability of the 2025 Bonds.

CONTINUING DISCLOSURE

The City (on behalf of the Authority and itself) will covenant for the benefit of owners of the 2025 Bonds to provide certain financial information and operating data relating to the City (the "**Annual Report**"), by not later than nine months after the end of the City's fiscal year (presently June 30) and commencing April 1, 2026, with the report for the fiscal year ending June 30, 2025, and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Purchaser in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in "APPENDIX E — FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The City has not been subject to continuing disclosure obligations under the Rule during the past five years.

COMPETITIVE SALE OF 2025 BONDS

The 2025 Bonds will be sold pursuant to a competitive bidding process held on [], 2025, pursuant to the terms set forth in the Official Notice of Sale for the 2025 Bonds (the “**Official Notice of Sale**”).

The 2025 Bonds were awarded to _____ (the “**Purchaser**”), whose proposal represented the lowest trust interest cost for the 2025 Bonds as determined in accordance with the Official Notice of Sale. The Purchaser has agreed to purchase the 2025 Bonds at a purchase price of \$_____ (which is equal to the par amount of the 2025 Bonds, less a Purchaser’s discount of \$_____, and plus a net original issue premium of \$_____).

THE PURCHASER INTENDS TO OFFER THE 2025 BONDS TO THE PUBLIC AT THE OFFERING PRICES SET FORTH ON THE COVER PAGE OF THIS OFFICIAL STATEMENT. THE PURCHASER MAY OFFER AND SELL TO CERTAIN DEALERS AND OTHERS AT A PRICE LOWER THAN THE OFFERING PRICES STATED ON THE COVER PAGE HEREOF. THE OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE PURCHASER.

MUNICIPAL ADVISOR

The Authority has retained NHA Advisors, LLC, San Rafael, California, as Municipal Advisor for the sale of the 2025 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

NHA Advisors, LLC, is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

PROFESSIONAL FEES

In connection with the issuance of the 2025 Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the 2025 Bonds. Those professionals include:

- Jones Hall LLP, as Bond Counsel and Disclosure Counsel;
- NHA Advisors, LLC, as Municipal Advisor; and
- U.S. Bank Trust Company, National Association, as Trustee.

EXECUTION

The execution of this Official Statement and its delivery have been authorized by the Board of the Authority and the City Council of the City.

WALNUT CREEK JOINT POWERS FINANCING
AUTHORITY

By: _____
Executive Director

CITY OF WALNUT CREEK

By: _____
City Manager

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF WALNUT CREEK AND CONTRA COSTA COUNTY

The following information concerning the City of Walnut Creek (the “City”) and Contra Costa County (the “County”) is included only for the purpose of supplying general information regarding the area of the City. The 2025 Bonds are not a debt of the City, the County, the State of California (the “State”) or any of its political subdivisions (other than the Authority), and none of the City, the County, the State or any of its political subdivisions (other than the Authority) is liable therefor.

Population

Population figures for the City, the County and the State for the last five years are shown in the following table.

CITY OF WALNUT CREEK, CONTRA COSTA COUNTY AND THE STATE OF CALIFORNIA Population Estimates Calendar Years 2021 through 2025 as of January 1

<u>Calendar Year</u>	<u>City of Walnut Creek</u>	<u>Contra Costa County</u>	<u>State of California</u>
2021	70,663	1,164,050	39,369,530
2022	69,750	1,154,254	39,179,680
2023	69,414	1,150,306	39,228,444
2024	70,238	1,158,249	39,420,663
2025	69,927	1,158,225	39,529,101

Source: State Department of Finance estimates.

Employment and Industry

The City is part of the Oakland-Fremont-Berkeley Metropolitan Division (“MD”), which is comprised of Alameda and Contra Costa Counties. The unemployment rate in the Oakland-Fremont-Berkeley MD was 5.1% in August 2025, down from a revised 5.3% in July 2025, and above the year-ago estimate of 5.0%. This compares with an unadjusted unemployment rate of 5.8% for the State and 4.5% for the nation during the same period. The unemployment rate was 5.1% in Alameda County, and 5.2% in the County.

The table below lists employment by industry group for the years 2020 through 2024.

OAKLAND-FREMONT-BERKELEY MD
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
Calendar Years 2020 through 2024
(March 2024 Benchmark)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Civilian Labor Force ⁽¹⁾⁽²⁾	1,425,400	1,414,000	1,432,000	1,448,500	1,448,600
Employment	1,303,300	1,329,500	1,384,800	1,392,800	1,383,700
Unemployment	122,000	84,500	47,200	55,700	64,900
Unemployment Rate	8.6%	6.0%	3.3%	3.8%	4.5%
<u>Wage and Salary Employment:</u> ⁽³⁾					
Agriculture	1,500	1,700	1,900	1,800	1,500
Mining and Logging	200	200	300	300	300
Construction	71,100	74,300	75,600	75,700	74,100
Manufacturing	98,700	106,000	112,300	111,200	104,100
Wholesale Trade	42,100	41,100	41,500	41,200	40,700
Retail Trade	101,500	105,300	106,200	105,300	103,400
Transportation, Warehousing, Utilities	44,600	47,100	51,700	52,200	52,000
Information	25,600	24,700	25,000	24,200	22,400
Finance and Insurance	35,900	34,800	33,600	32,200	31,500
Real Estate and Rental and Leasing	16,800	17,200	18,400	18,500	18,400
Professional and Business Services	184,900	190,700	194,700	188,200	186,000
Educational and Health Services	191,300	198,500	205,800	216,900	229,400
Leisure and Hospitality	84,700	92,500	108,300	111,700	110,800
Other Services	33,100	35,600	39,200	41,500	42,700
Federal Government	14,200	13,400	13,100	13,200	13,300
State Government	38,200	35,900	33,100	33,500	32,300
Local Government	113,500	111,800	115,200	117,700	121,400
Total all Industries	1,097,900	1,130,800	1,175,800	1,185,100	1,184,300

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Largest Employers

The following table lists the major employers within the County as of June 30, 2024.

CONTRA COSTA COUNTY
2024 Principal Employers
Listed from Greatest to Fewest Number of Employees

Name	No. of Employees	% of Total County Employment
Chevron Corporation	10,000+	1.89%
Kaiser Permanente	10,000+	1.89
Bio-Rad Laboratories, Inc.	1,000-4,999	0.57
John Muir Medical Center	1,000-4,999	0.57
La Raza Market	1,000-4,999	0.57
USS-POSCO Industries	1,000-4,999	0.57
All others	500,100	93.94

Source: Contra Costa County's 2024 Annual Comprehensive Financial Report.

Commercial Activity

Summaries of historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables.

Total taxable sales during the first quarter of calendar year 2025 in the City were \$560,575,510, a 5.89% decrease from the total taxable sales of \$595,659,761 reported during the first quarter of calendar year 2024.

CITY OF WALNUT CREEK
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	1,567	\$1,641,943	2,819	\$1,892,224
2021	1,430	1,979,304	2,591	2,416,124
2022	1,426	2,082,837	2,591	2,601,794
2023	1,382	2,071,471	2,528	2,534,816
2024	1,374	2,052,798	2,525	2,491,763

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first quarter of calendar year 2025 in the County were \$5,134,572,139, a 0.18% decrease from the total taxable sales of \$5,143,726,890 reported during the first quarter of calendar year 2024.

CONTRA COSTA COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	15,832	\$13,144,244	27,445	\$18,043,575
2021	15,000	14,956,873	26,049	21,057,354
2022	15,240	15,790,210	26,633	22,521,022
2023	15,036	15,639,934	26,351	22,373,010
2024	15,185	15,677,469	26,776	22,091,501

Source: State Department of Tax and Fee Administration.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the median household effective buying income for the City, the County, the State and the United States for the period 2021 through 2025.

**CITY OF WALNUT CREEK, CONTRA COSTA COUNTY,
STATE OF CALIFORNIA AND UNITED STATES**
Median Household Effective Buying Income
2021 through 2025

	2021	2022	2023	2024	2025
City of Walnut Creek	\$92,375	\$106,046	\$106,428	\$109,887	\$108,901
Contra Costa County	87,804	98,409	98,536	101,689	103,380
California	67,956	77,058	77,175	80,973	82,725
United States	56,790	64,448	65,326	67,876	69,687

Source: Claritas, LLC.

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of the provisions of the Site Lease, Lease Agreement and the Indenture of Trust relating to the Bonds. Such summary is not intended to be definitive, and reference is made to the complete documents for the complete terms thereof.

DEFINITIONS

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

“Additional Bonds” means Additional Bonds issued in accordance with the Indenture.

“Additional Rental Payments” means the amounts of additional rental which are payable by the City under the Lease Agreement.

“Assignment Agreement” means the Assignment Agreement between the Authority as assignor and the Trustee as assignee, as originally executed or as thereafter amended.

“Authorized Representative” means: (a) with respect to the Authority, its Chair, Vice Chair, Executive Director, Treasurer, Auditor or any other person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by its Chair and filed with the City and the Trustee; and (b) with respect to the City, its Mayor, City Manager, Finance Manager, Treasurer, City Attorney or any other person designated as an Authorized Representative of the City by a Written Certificate of the City signed by its City Manager and filed with the Authority and the Trustee.

“Bond Counsel” means (a) Jones Hall LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Fund” means the fund by that name established and held by the Trustee under the Indenture.

“Bond Year” means each twelve-month period extending from June 2 in one calendar year to June 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year commences on the Closing Date and extends to and including June 1, 2026.

“Bonds” means the 2025 Bonds and any Additional Bonds.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee under the Indenture.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

“Indenture” means the Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture under the provisions thereof.

“Insurance and Condemnation Fund” means the fund by that name established and held by the Trustee under the Indenture.

“Lease” or “Lease Agreement” means the Lease Agreement between the Authority as lessor and the City as lessee of the Leased Property, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of the Indenture.

“Lease Payment Date” means, with respect to any Interest Payment Date, the Business Day immediately preceding such Interest Payment Date.

“Lease Payments” means the amounts payable by the City under the Lease Agreement as rental for the Leased Property, including any prepayment thereof and including any amounts payable upon a delinquency in the payment thereof, but excluding Additional Rental Payments.

“Leased Property” means the real property described in Appendix A to the Lease Agreement, together with all improvements and facilities at any time situated thereon.

“Net Proceeds” means amounts derived from any policy of casualty insurance or title insurance with respect to the Leased Property, or the proceeds of any taking of the Leased Property or portion thereof in eminent domain proceedings (including sale under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof.

“Outstanding”, when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with the Indenture; and (c)

Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee under the Indenture.

“Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond is registered on the Bond registration books of the Trustee.

“Permitted Encumbrances” means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may permit to remain unpaid under Article V of the Lease; (b) the Site Lease, the Lease and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, material man, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy with respect to the Leased Property issued as of the Closing Date by Stewart Title Guaranty; and (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the City certifies in writing will not materially impair the use of the Leased Property for its intended purposes.

“Permitted Investments” means any of the following:

- (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged.
- (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.
- (c) Any direct or indirect obligations of an agency or department of the United States of America whose obligations represent the full faith and credit of the United States of America, or which are rated A or better by S&P.
- (d) Interest-bearing deposit accounts (including certificates of deposit) in federal or State chartered savings and loan associations or in federal or State of California banks (including the Trustee), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated A or better by S&P; or (ii) such deposits are fully insured by the Federal Deposit Insurance Corporation or secured at all times by collateral described in (a) or (b) above.
- (e) Commercial paper rated “A-1+” or better by S&P.
- (f) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of “A-1+” or better by S&P.

- (g) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, which funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services. Money market funds permitted under this paragraph shall not include funds with a floating net asset value.
- (h) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by S&P, or (b) fully secured as to the payment of principal and interest by Permitted Investments described in clauses (a) or (b).
- (i) Obligations issued by any corporation organized and operating within the United States of America having assets in excess of \$500,000,000, which obligations are rated A or better by S&P.
- (j) Bonds or notes issued by any state or municipality which are rated A or better by S&P.
- (k) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated A or better by S&P at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event either of such ratings at any time falls below A.
- (l) The Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"Project" means the public capital improvements described in the Lease.

"Project Costs" means, with respect to the Project, all costs of the acquisition, construction and installation thereof which are paid from moneys on deposit in the Project Fund, including but not limited to:

- (a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition, construction and installation of the Improvements;
- (b) obligations incurred for labor and materials in connection with the acquisition, construction and installation of the Project;
- (c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition, construction and installation of the Project;

(d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of the Project;

(e) any sums required to reimburse the City for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the acquisition, construction and installation of the Project;

(f) all Costs of Issuance of the Bonds and other financing costs incurred in connection with the acquisition, construction and installation of the Project; and

(g) the interest components of the Lease Payments allocable to the Project or any component thereof, which come due during the period of acquisition, construction and installation of the improvements or such component.

“Project Fund” means the fund by that name established and held by the Trustee under the Indenture.

“Record Date” means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

“Rental Period” means the period from the date of the issuance and delivery of the Bonds to June 1, 2026, and, thereafter, the period from each June 2 to and including June 1 of the next succeeding calendar year during the term of the Lease Agreement.

“Revenues” means: (a) all amounts received by the Authority or the Trustee under or with respect to the Lease Agreement, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts payable by the City under the Lease Agreement in respect of additional debt, and (ii) any Additional Rental Payments; and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

“Site Lease” means the Site Lease, between the City as lessor and the Authority as lessee, as amended from time to time in accordance with its terms.

“Site Lease Payment” means the amount of up-front rent which is payable under the Site Lease in consideration of the lease of the Leased Property by the City to the Authority thereunder.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC business, its successors and assigns.

“Supplemental Indenture” means any indenture duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

"Term" means, with reference to the Lease Agreement, the time during which the Lease Agreement is in effect, as provided in the Lease Agreement.

"Term Bonds" means the Bonds designated as term bonds in the Indenture.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of United States of America, or its successor or successors, as Trustee as provided in the Indenture.

"Written Certificate," "Written Request" and "Written Requisition" of the Authority or the City mean, respectively, a written certificate, request or requisition signed in the name of the Authority or the City by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

SITE LEASE

Under the Site Lease, the City agrees to lease the Leased Property to the Authority in consideration of the payment by the Authority of the Site Lease Payment on the Closing Date. The Authority agrees to cause the full amount of the Site Lease Payment to be raised from the proceeds of the Bonds, and to cause the Site Lease Payment to be deposited in the Costs of Issuance Fund and the Project Fund. No further rent payment is due by the Authority for the lease of the Leased Property under the Site Lease. The Site Lease is for a term commencing on the Closing Date and extending to the date on which no Bonds remain outstanding under the Indenture, but not later than ten years following the final stated maturity date of the Bonds. In the event of any release or substitution of property under the Lease Agreement as described below, the description of the property leased under the Site Lease will be modified accordingly.

LEASE AGREEMENT

Lease of Leased Property; Term

Under the Lease Agreement (also referred to herein as the "Lease"), the Authority leases the Leased Property back to the City. The Lease Agreement is for a term commencing on the Closing Date and extending to the date on which no Bonds remain outstanding under the Indenture, but not later than ten years following the final stated maturity date of the Bonds.

Lease Payments

The City agrees to pay semiannual Lease Payments, subject to abatement as described below, as the rental for the use and occupancy of the Leased Property. On each Lease Payment Date (as it may be amended in connection with the issuance of Additional Bonds), the City is obligated to deposit with the Trustee the full amount of the Lease Payments coming due and payable on the next Interest Payment Date, to the extent required to be paid by the City under the Lease Agreement. Any amount held in the Bond Fund, the Interest Account or the Principal Account on any Lease Payment Date (other than amounts specifically required to be credited to the prepayment of Lease Payments), will be credited towards the Lease Payment then coming due and payable.

Source of Payments

The Lease Payments are payable from any source of available funds of the City, subject to the provisions of the Lease Agreement relating to abatement.

Budget and Appropriation

The City covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease Agreement and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. Such covenant constitutes a duty imposed by law and each and every public official of the City is

required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the City.

Abatement of Lease Payments

The Lease Payments will be abated under the Lease Agreement during any period in which there is substantial interference with the City's use and occupancy of all or any portion of the Leased Property, including interference due to: (a) damage or destruction of the Leased Property in whole or in part, (b) eminent domain proceedings with respect to the Leased Property or any portion thereof, and (c) non-completion of the Project.

The amount of such abatement is required to be an amount determined by the City, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property. In the event of such abatement, the City will have no obligation to pay abated Lease Payments and there is no remedy available to the Trustee or the Bond Owners arising from such abatement. Notwithstanding the foregoing, there will be no abatement of Lease Payments to the extent that Net Proceeds are available to pay Lease Payments which would otherwise be abated under the Lease Agreement, such proceeds being constituted a special fund for the payment of the Lease Payments.

No Option to Prepay

The Lease payments are not subject to optional prepayment prior to maturity.

Mandatory Prepayment from Net Proceeds of Insurance or Eminent Domain

The City shall prepay the principal components of the Lease Payments allocable to the Leased Property in whole or in part on any date, from and to the extent of any Net Proceeds of insurance award or eminent domain award with respect to the Leased Property theretofore deposited in the Redemption Fund for that purpose under the Indenture. Such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments, will be credited towards the City's obligations and applied to the corresponding redemption of Bonds.

Security Deposit

Notwithstanding any other provision of the Lease Agreement, the City may on any date secure the payment of the Lease Payments allocable to the Leased Property in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts on deposit in the funds and accounts established under the Indenture, is either:

- (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in the Lease Agreement, or

- (b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant, (which opinion must be addressed and delivered to the Trustee), together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due under the Lease Agreement, as the City instructs at the time of said deposit.

If the City makes a security deposit under the Lease Agreement with respect to all unpaid Lease Payments, and notwithstanding the provisions of the Lease Agreement, (a) the Term of the Lease will continue, (b) all obligations of the City under the Lease, and all security provided by the Lease for said Lease Payments, will thereupon cease and terminate, excepting only the obligation of the City to make, or cause to be made all of said Lease Payments from such security deposit, and (c) under the Lease Agreement, title to the Leased Property will vest in the City on the date of said deposit automatically and without further action by the City or the Authority. Said security deposit constitutes a special fund for the payment of Lease Payments in accordance with the provisions of the Lease.

Substitution of Property

The City has the option at any time and from time to time during the term of the Lease Agreement to substitute other land, facilities or improvements (the "Substitute Property") for the Leased Property or portion thereof (the "Former Property") provided that the City must satisfy all of the requirements set forth in the Lease Agreement, including the following:

- (a) No Event of Default has occurred and is continuing.
- (b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Contra Costa County Recorder sufficient memorialization of, an amendment to the Lease Agreement which that the legal description of the Substitute Property to the Lease Agreement and deletes therefrom the legal description of the Former Property, and has filed and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.
- (c) The City has obtained a CLTA policy of title insurance insuring the City's leasehold estate in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the estimated value thereof.
- (d) The City has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City.

- (e) The Substitute Property does not cause the City to violate any of its covenants, representations and warranties made in the Lease Agreement.
- (f) The City has filed with the Authority and the Trustee a written certificate of the City or other written evidencing stating that the useful life of the Substitute Property at least extends to the final maturity date of the Bonds, that the estimated value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the aggregate Outstanding principal amount of the Bonds, and the fair rental value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.
- (g) The City has mailed written notice of such substitution to each rating agency which then maintains a rating on the Bonds.

Following the date on which all of the foregoing conditions precedent to such substitution are satisfied, the term of the Lease Agreement ceases with respect to the Former Property and continues with respect to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City will not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution.

Release of Property

The City has the option at any time and from time to time during the term of the Lease Agreement to release any portion of the Leased Property from the Lease Agreement (the "Released Property") provided that the City must satisfy all of the requirements set forth in the Lease Agreement, including the following:

- (a) No Event of Default has occurred and is continuing.
- (b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Contra Costa County Recorder sufficient memorialization of an amendment of the Site Lease and the Assignment Agreement which removes the Released Property from the Site Lease, the Assignment Agreement and the Lease Agreement.
- (c) The City has certified in writing to the Authority and the Trustee that the value of the property which remains subject to the Lease Agreement following such release is at least equal to the aggregate Outstanding principal amount of the Bonds, and the fair rental value of the property which remains subject to the Lease Agreement following such release is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

- (d) The City has mailed written notice of such release to each rating agency which then maintains a rating on the Bonds.

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Authority and the City will execute, deliver and cause to be recorded all documents required to discharge the Site Lease, the Lease Agreement and the Assignment Agreement of record against the Released Property.

Addition of Property

The City may, at any time it deems it necessary or advisable, amend the Lease Agreement, and enter into any necessary or advisable site or ground lease, to add additional property to the property originally leased thereunder.

If the addition to the Leased Property (the “**Addition**”) is being done in connection with the issuance of Additional Bonds, the following requirements shall apply:

- (a) The City shall have certified in writing to the Authority and the Trustee that (i) the Addition serves the purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City, (ii) the useful life of the Addition at least extends to the final maturity date of the Bonds or such later date specified in the Lease Agreement, (iii) the estimated value of the Leased Property (including the Addition) is at least equal to the aggregate Outstanding principal amount of the Bonds, and (iv) the fair rental value of the Leased Property (including the Addition) is at least equal to the Lease Payments thereafter coming due and payable as provided in the Lease Agreement. For the purposes of the certification described in clause (iv), the City may, if necessary to make such certification, assume completion of construction of the Addition if the Addition is being constructed with proceeds of the Additional Bonds as long as capitalized interest has been deposited in accordance with Section 2.08(h) of the Indenture.

- (b) The City shall have delivered to the Authority and the Trustee an Opinion of Bond Counsel to the effect that the amendment hereto has been duly authorized, executed and delivered and the Lease Agreement as so amended represents a valid and binding obligation of the City and the Authority and that the Addition will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

- (c) The City shall cause to be recorded in the Office of the Contra Costa County Recorder sufficient memorialization of an amendment hereof that adds the legal description of the Addition to Appendix A of the Lease Agreement, and has filed and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.

- (d) The City shall have delivered to the Authority and the Trustee a CLTA standard form policy of title insurance in substantially the same form as

delivered in connection with the issuance and delivery of the Bonds in at least the amount of the aggregate principal amount of outstanding Bonds at the time of the Addition insuring the City's leasehold interest in the Addition to the Leased Property as provided in the Lease Agreement, together with an endorsement thereto making such policy payable to the Trustee for the benefit of the Owners, and also together with a certificate of the City to the effect that the exceptions, if any, contained in such policy do not interfere with the beneficial use and occupancy of the Leased Property by the City.

(e) The City shall have delivered to the Authority and the Trustee a copy of a written notice that the City mailed to each rating agency then rating the Bonds notifying the rating agency of the Addition.

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon commence as to the Addition, and all references to the Leased Property will apply with full force and effect to the Addition.

Amendment of Site Lease and Assignment Agreement Related to Substitution, Release or Addition

The Authority and the City shall amend the Site Lease and the Assignment Agreement as necessary in order to accomplish any Substitution, Release or Addition of property pursuant to the Lease Agreement.

Maintenance, Utilities, Taxes and Modifications

The City, at its own expense, has agreed to maintain or cause to be maintained the Leased Property in good repair; the Authority has no responsibility for such maintenance. The City is also obligated to pay all taxes and assessments charged to the Leased Property. The City has the right under the Lease Agreement to remodel the Leased Property and to make additions, modifications and improvements to the Leased Property, provided that any such additions, modifications and improvements to the Leased Property are of a value which is not substantially less than such value of the Leased Property immediately prior to making such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or to remain against the Leased Property, except that the City has the right in good faith to contest any such lien.

Insurance

The Lease Agreement requires the City to maintain or cause to be maintained the following insurance against risk of physical damage to the Leased Property and other risks for the protection of the Bond Owners, the Authority and the Trustee:

Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained throughout the Term of the Lease Agreement, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal

injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

If any insurance required pursuant to this provision is provided in the form of self-insurance, the City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a statement of the risk manager of the City or an independent insurance adviser engaged by the City identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. If any such insurance is provided in the form of self-insurance by the City, the City has no obligation to make any payment with respect to any insured event except from those reserves.

Property Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, casualty insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the Outstanding Bonds. Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and must include earthquake insurance if available at reasonable cost from reputable insurers in the judgment of the City. Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Trustee, as assignee of the Authority under the Assignment Agreement, has the right to receive all Net Proceeds. As provided in the Indenture, the Trustee will deposit all Net Proceeds in the Insurance and Condemnation Fund to be applied as set forth in "Damage, Destruction and Eminent Domain" below.

Rental Interruption Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the insurance required by the casualty insurance described above in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the

Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Recordation and Title Insurance. On or before the Closing Date the City shall, at its expense, (a) cause the Site Lease, the Assignment Agreement and the Lease Agreement, or a memorandum thereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Contra Costa County Recorder, and (b) obtain a CLTA title insurance policy insuring the City's leasehold estate in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under any such title insurance policy must be deposited with the Trustee in the Bond Fund to be credited towards the prepayment of the remaining Lease Payments under the Lease Agreement.

Damage, Destruction and Eminent Domain

Application of Net Proceeds. The Trustee, as assignee of the Authority under the Assignment Agreement, has the right to receive all Net Proceeds. As provided in the Indenture, the Trustee will deposit all Net Proceeds in the Insurance and Condemnation Fund to be applied as set forth in the Indenture.

Termination or Abatement Due to Eminent Domain. If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement thereupon ceases as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

(a) the Lease Agreement shall continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary; and

(b) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

Abatement Due to Damage or Destruction. The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain which is addressed above) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. The abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement continues in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage and destruction.

Abatement Due to Non-Completion of the Project. The Lease Payments are subject to abatement during any period prior to the issuance of a certificate of occupancy for the Project, if it constitutes all or a portion of the Leased Property, if there is

substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the usable portions of the Leased Property. Such abatement will continue for the period commencing with the substantial interference with the use and occupancy of the Leased Property and ending with the substantial completion of the Project. In the event of any such interference with use and occupancy during construction of the Project, the Lease Agreement continues in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any substantial interference.

Substituted Property. The Indenture provides that notwithstanding any other provision of the Indenture or the Lease, the Trustee shall pay to the City all moneys in the Insurance and Condemnation Fund upon the Trustee's receipt of Written Request of the City which states that, pursuant to the Lease, the City has substituted other real property for the Leased Property that was damaged or destroyed and that there will be no abatement of the Lease Payments as a result of such damage or destruction.

Assignment; Subleases

The Authority has assigned certain of its rights under the Lease Agreement to the Trustee under the Assignment Agreement. The City may not assign any of its rights in the Lease Agreement. The City may sublease all or a portion of the Leased Property, but only under the conditions contained in the Lease Agreement, including the condition that such sublease not cause the interest component of the Lease Payments to become subject to federal or State of California personal income taxes.

Amendment of Lease Agreement

The Authority and the City may at any time amend or modify any of the provisions of the Lease Agreement, but only: (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the outstanding Bonds; or (b) without the consent of any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

- to add to the covenants and agreements of the City contained in the Lease, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the City;
- to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, to conform to the original intention of the City and the Authority;
- to modify, amend or supplement the Lease Agreement in such manner as to assure that the interest on the Bonds remains excluded from gross income under the Tax Code;

- to amend the description of the Leased Property to reflect accurately the property originally intended to be included therein;
- in the event of the issuance of Additional Bonds in order to obligate the City to pay additional amounts of Lease Payments such that the scheduled amount of Lease Payments payable after such amendment shall be sufficient to pay the principal of and interest on the 2025 Bonds and such Additional Bonds but only if (A) the City has certified to the Trustee that the estimated value of the Leased Property is at least equal to the of the outstanding principal amount of the Bonds and the fair rental value of the Leased Property is at least equal to the Lease Payments thereafter coming due and payable thereunder (for the purposes of the certification described in this clause (A), the City may, if necessary to make such certification, assume completion of construction of the project being financed by the Additional Bonds if such project is all or a portion of the Leased Property as long as either (1) capitalized interest has been deposited in accordance with Section 2.08(g) of the Indenture or (2) the City has made a finding that the fair rental value of the Leased Property prior to the completion of the project is equal to or greater than the aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period), and (B) the City has filed with the Trustee written evidence that the amendments made under this clause will not of themselves cause a reduction or withdrawal of any rating then assigned to the then-outstanding Bonds;
- in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds.

Events of Default

Each of the following constitutes an Event of Default under and as defined in the Lease Agreement:

- Failure by the City to pay any Lease Payment or other payment required to be paid under the Lease Agreement at the time specified therein.
- Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease Agreement, other than as referred to in the preceding paragraph, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee; *provided, however*, that if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30-day period, such failure will not constitute an Event of Default if the City commences to cure such failure within such 30-

day period and thereafter diligently and in good faith cures such failure in a reasonable period of time.

- Certain events relating to the insolvency or bankruptcy of the City.

Remedies on Default

Upon the occurrence and continuance of any Event of Default, the Authority has the right to terminate the Lease Agreement or, with or without such termination, re-enter, take possession of and re-let the Leased Property. When the Authority does not elect to terminate the Lease Agreement, the City remains liable to pay all Lease Payments as they come due and liable for damages resulting from such Event of Default. Any amounts collected by the Authority from the reletting of the Leased Property will be credited towards the unpaid Lease Payments. Any net proceeds of re-leasing or other disposition of the Leased Property are required to be applied as set forth in the Indenture. Under the Assignment Agreement, the Authority assigns all of its rights with respect to remedies in an Event of Default to the Trustee, so that all such remedies will be exercised by the Trustee and the Bond Owners as provided in the Indenture.

The Trustee has no right to accelerate Lease Payments and, due to the governmental nature of the Leased Property, it is uncertain whether a court would permit the exercise of the remedies of re-entry, repossession or re-letting.

INDENTURE OF TRUST

Establishment of Funds and Accounts; Flow of Funds

Costs of Issuance Fund. A portion of the proceeds of the 2025 Bonds will be deposited by the Trustee in the Costs of Issuance Fund on the Closing Date. The moneys in the Costs of Issuance Fund will be disbursed to pay costs of issuing the Bonds and other related financing costs from time to time upon receipt of written requests of the Authority. On the 180th day after the Closing Date, or at the earlier written request of the Authority, all amounts remaining in the Costs of Issuance Fund will be transferred by the Trustee to the Interest Account and the Trustee will thereupon close the Costs of Issuance Fund.

Establishment and Application of Project Fund. The Trustee will establish, maintain and hold in trust a separate fund designated as the "Project Fund" into which the Trustee will deposit a portion of the proceeds of sale of the 2025 Bonds. The Trustee shall administer such fund as provided in the Indenture. Amounts on deposit in the Project Fund shall be used, as provided below, to pay the Project Costs, and to reimburse the City for the same.

Site Lease Payment. Proceeds representing the Site Lease Payment will be deposited in the Costs of Issuance Fund and the Project Fund for the acquisition and construction of the Project.

Bond Fund; Deposit and Transfer of Amounts Therein. All Revenues will be deposited by the Trustee in the Bond Fund promptly upon receipt. On or before each

Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority:

- (a) *Interest Account.* The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest coming due and payable on such date on all outstanding Bonds. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it comes due and payable, including accrued interest on any Bonds redeemed prior to maturity.
- (b) *Principal Account.* The Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit therein to equal the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) amount of the Bonds maturing on such date. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds at the maturity thereof.

Redemption Fund. The Trustee will establish and maintain a Redemption Fund, amounts in which will be used and withdrawn by the Trustee solely for the purpose of paying the principal of on the Bonds to be redeemed. At any time prior to giving notice of redemption of any such Bonds, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Authority directs, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

Investment of Funds; Determination of Value of Investments

All moneys in any of the funds or accounts held by the Trustee under the Indenture will be invested by the Trustee solely in Permitted Investments as directed by the Authority in advance of the making of such investments. In the absence of any such direction of the Authority, the Trustee will invest any such moneys in Permitted Investments consisting of money market funds. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture will be deposited in the Bond Fund, with the exception of the Project Fund. For the purpose of determining the amount in any fund or account established under the Indenture, the value of investments credited to such fund will be calculated at the market value thereof, in accordance with the procedures specified in the Indenture.

Covenants of the Authority

Payment of Bonds. The Authority will punctually pay or cause to be paid the principal of (including the principal amount of any Term Bonds that is subject to

mandatory sinking fund redemption) and interest and premium (if any) on the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, but only out of the Revenues and other assets pledged for such payment as provided in the Indenture. The Authority will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are outstanding, except the pledge and assignment created by the Indenture.

Accounting Records and Financial Statements. The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries will be made of all transactions relating to the proceeds of the Bonds, and all funds and accounts established pursuant to the Indenture. Such books of record and account will be available for inspection by the Authority and the City, during regular business hours and upon reasonable prior notice.

Tax Covenants Applicable to the 2025 Bonds.

(a) Private Business Use Limitation. The Authority shall assure that the proceeds of the 2025 Bonds are not used in a manner which would cause the 2025 Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The Authority may not take any action or permit or suffer any action to be taken if the result of the same would be to cause the 2025 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The Authority may not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2025 Bonds or of any other obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the 2025 Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Tax Code.

(d) Maintenance of Tax Exemption; Record Retention; Compliance with Tax Certificate.

(i) The Authority shall take all actions necessary to assure the exclusion of interest on the 2025 Bonds from the gross income of the Owners of the 2025 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(ii) The Authority will retain its records of all accounting and monitoring it carries out with respect to the Bonds for at least 3 years after the Bonds mature or are redeemed (whichever is earlier); however, if the Bonds are redeemed and refunded, the Authority will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the Bonds.

(iii) The Authority will comply with the provisions of the Certificate as to Arbitrage and the Use of Proceeds Certificate with respect to the Bonds, which are incorporated in the Indenture. The covenants of this subsection will survive payment in full or defeasance of the Bonds.

(e) Rebate of Excess Investment Earnings to United States. The Authority shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the 2025 Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax Code. The Authority shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, such payments to be made from amounts paid by the City for that purpose under Section 4.5(d) of the Lease. The Authority shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the 2025 Bonds, records of the determinations made under this subsection (e).

Lease Agreement. The Trustee will promptly collect all amounts due from the City pursuant to the Lease Agreement. Subject to the provisions of the Indenture governing the enforcement of remedies upon the occurrence of an Event of Default, the Trustee is required to enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority and for the enforcement of all of the obligations of the City under the Lease Agreement.

Proceedings for the Issuance of Additional Bonds

Whenever the Authority shall have determined to issue Additional Bonds pursuant to the Indenture, the Authority shall enter into a Supplemental Indenture determining that the issuance of such Additional Bonds is necessary for the purposes specified in the Indenture, specifying the principal amount of such Additional Bonds and prescribing the terms and conditions of such Additional Bonds and the funds to be established for the security and payment thereof. Before such Additional Bonds shall be issued and delivered, the Authority shall file the following documents with the Trustee:

(a) An executed copy of the Supplemental Indenture authorizing such Additional Bonds, together with a certified copy of the resolution of the Authority authorizing the issuance of such Additional Bonds and the execution of such Supplemental Indenture.

(b) An opinion of Bond Counsel stating: (i) that the execution and delivery of the Additional Bonds have been sufficiently and duly authorized by the Authority; (ii) that the issuance of the Additional Bonds is authorized by the Bond Law and the Indenture; (iii) that the Additional Bonds when duly executed and delivered, will be valid and binding obligations of the Authority, payable from Revenues in accordance with the terms of the Indenture and the Supplemental Indenture authorizing the issuance of such Additional Bonds; (iv) if the Additional Bonds are to be tax-exempt, that the interest on the Additional Bonds will be excluded from the gross income of the Owners thereof for federal income tax purposes; and (v) that the issuance of such Additional Bonds will not, of itself,

cause interest on the 2025 Bonds to become includable in gross income for federal income tax purposes.

(c) A Certificate of the Authority certifying that the requirements set forth in the Indenture have been either met or provided for, together with a copy of the amendment to the Lease required by the Indenture, together with a certified copy of the resolutions of the Authority and the City authorizing the execution of such amendment to the Lease.

(d) A copy of a letter sent by the City to each rating agency then rating the 2025 Bonds to notify each rating agency of the issuance of such Additional Bonds.

Amendment of Indenture

The Indenture may be modified or amended at any time by a supplemental indenture with the prior written consents of the Owners of a majority in aggregate principal amount of the Bonds then outstanding. No such modification or amendment may (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

The Indenture may also be modified or amended at any time by a supplemental indenture, without the consent of any Bond Owners, to the extent permitted by law, but only for any one or more of the following purposes:

- To add to the covenants and agreements of the Authority contained in the Indenture, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the Authority.
- To cure any ambiguity, inconsistency or omission in the Indenture, or correct any defective provision in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, so long as such modification or amendment does not materially adversely affect the interests of the Bond Owners in the opinion of Bond Counsel filed with the Trustee.
- To modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939 or any similar federal statute at any time in effect.
- To modify, amend or supplement the Indenture so as to cause interest on the 2025 Bonds to remain excludable from gross income under the Tax Code.

- to provide for the issuance of Additional Bonds pursuant to the Indenture.

Events of Default

Events of Default Defined. The following events constitute events of default under the Indenture:

- Failure to pay any installment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.
- Failure to pay any installment of interest on the Bonds when due.
- Failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Authority by the Trustee; provided, however, if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if the Authority institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.
- The commencement by the Authority of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.
- The occurrence and continuation of any Event of Default under and as defined in the Lease Agreement. See "LEASE AGREEMENT - Events of Default" above.

Remedies. Upon the occurrence and during the continuance of any Event of Default, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time outstanding the Trustee shall:

- upon notice in writing to the Authority and the City, and subject to receipt of satisfactory indemnity, declare the principal of all of the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately (provided that no such acceleration will have the effect of accelerating the City's obligations under the Lease Agreement, as more fully described above), or
- enforce any rights of the Trustee under or with respect to the Indenture.

The Trustee is irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture and applicable provisions of any law. Notwithstanding anything contained in the Indenture or in the Lease to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any federal, state or local environmental law, statute, regulation or ordinance, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The Trustee shall not be required to take any foreclosure action if the approval of a government regulator shall be a condition precedent to taking such action, and such approval cannot be obtained.

Anything in the Indenture or Lease to the contrary notwithstanding, the Trustee shall not be required to enter, take possession of, or take any other action whatsoever with respect to the Leased Property unless the Trustee is satisfied that the Trustee will not be subject to any liability under any local, state, or federal environmental laws or regulations of any kind whatsoever or from any circumstances present at the Leased Property relating to the presence, use, management, disposal or contamination by any environmentally hazardous materials or substances of any kind whatsoever.

Application of Revenues and Other Funds After Default. If an Event of Default has occurred and is continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture will be applied by the Trustee as follows and in the following order:

- (1) To the payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;
- (2) To the payment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of the Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of any Bonds which have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) at the rate borne by the respective Bonds (to the extent permitted by law), and, if the available amount is not sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) due on such date to the persons entitled thereto, without any discrimination or preference.

Limitation on Bond Owners' Right to Sue. No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Indenture, unless:

- such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
- the Owners of a majority in aggregate principal amount of all the Bonds then outstanding have requested the Trustee in writing to exercise its powers under the Indenture;
- said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;
- the Trustee has refused or failed to comply with such request for a period of 60 days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee; and
- no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority in aggregate principal amount of the Bonds then outstanding.

Discharge of Indenture

Discharge of Indenture. Any or all of the Outstanding Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable under the Indenture by the Authority:

- (a) by paying or causing to be paid the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest and premium (if any) on such Bonds, as and when the same become due and payable;

- (b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in "Deposit of Money or Securities with Trustee" below) to pay or redeem such Bonds; or
- (c) by delivering all of such Bonds to the Trustee for cancellation.

If the Authority also pays or causes to be paid all other sums payable under the Indenture by the Authority, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any of such Bonds shall not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture with respect to such Bonds and all covenants, agreements and other obligations of the Authority under the Indenture with respect to such Bonds shall cease, terminate, become void and be completely discharged and satisfied, subject to the provisions summarized in "Discharge of Liability on Bonds" below, and except for provisions related to compensation or indemnification payable to the Trustee, which shall survive. In such event, upon the Written Request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the City all moneys or securities or other property held by it under the Indenture which are not required for the payment or redemption of any of such Bonds not theretofore surrendered for such payment or redemption. The Trustee is entitled to conclusively rely on any such Written Certificate or Written Request and, in each case, is fully protected in relying thereon.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in "Deposit of Money or Securities with Trustee" below) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Indenture governing unclaimed funds.

The Authority may at any time surrender to the Trustee, for cancellation by the Trustee, any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established under the Indenture and shall be:

- (a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds, premium, if any, and all unpaid interest thereon to the redemption date; or
- (b) non-callable Federal Securities, the principal of and interest on which when due will, in the written opinion of an Independent Accountant filed with the City, the Authority and the Trustee, provide money sufficient to pay the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest and premium (if any) on the Bonds to be paid or redeemed, as such principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption), interest and premium become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee has been made for the giving of such notice;

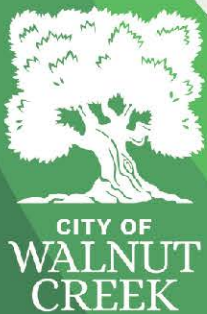
provided, in each case, that (i) the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Written Request of the Authority) to apply such money to the payment of such principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption), interest and premium (if any) with respect to such Bonds, and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such Bonds have been discharged in accordance with the Indenture (which opinion may rely upon and assume the accuracy of the Independent Accountant's opinion referred to above). The Trustee shall be entitled to conclusively rely on such Written Request or opinion and shall be fully protected, in each case, in relying thereon.

APPENDIX C

FISCAL YEAR 2023-24 ANNUAL COMPREHENSIVE FINANCIAL REPORT

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024



**Prepared by the Finance Division
City of Walnut Creek, California**



City of Walnut Creek
Annual Comprehensive Financial Report
For the year ended June 30, 2024
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November 12, 2024

Honorable Mayor, City Council, and Residents of Walnut Creek:

We are pleased to present the City of Walnut Creek (City) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This document provides residents, businesses, property owners, investors, and other interested parties with an overview of the City's finances. The information in this ACFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and includes an unmodified opinion on the report by the City's independent certified public accountants. Although we rely on the standards and expertise of these external authorities, the responsibility for the accuracy and fairness of this report ultimately rests with City management.

For readers interested in a more detailed review of the City's financial statements, the Management's Discussion and Analysis (MD&A) is also included in this document. The MD&A reports on the financial highlights of the City and provides additional analysis on the variances and trends reported as part of the financial statements. The MD&A also discloses significant items affecting the financial condition of the City and is designed to be read in conjunction with this Letter of Transmittal.

CITY PROFILE

Located in Contra Costa County, the City of Walnut Creek was incorporated in 1914 and is a regional destination in the eastern portion of the San Francisco Bay Area. This unique city offers suburban convenience with a walkable downtown full of shopping, dining, and cultural activities. The City has top-performing schools and ranks as one of the California cities offering the most open space per capita. The City area is 19.9 square miles and is home to just under 70,000 residents. A large number of guests come to the City for work, recreation, and to enjoy the downtown restaurants, shops, and other amenities.

The City of Walnut Creek is located at the intersection of Highway 680 and Highway 24, approximately 25 miles east of San Francisco and a short distance from Oakland International Airport. The City has a range of housing types available to meet the needs of residents and workers employed by various businesses and agencies throughout the region. Walnut Creek's large retail base serves local residents as well as those in surrounding communities. The City continues to show strength as a major employer, a successful retail and entertainment center, and a safe community with attractive residential neighborhoods.

City Structure

The City operates under the Council-Manager form of government, with five at-large Council Members elected to staggered four-year terms. Walnut Creek has an elected City Treasurer who is also elected to a four-year term. The Mayor and Mayor Pro Tem are elected by the Council from their membership, and each serve one-year terms. The City Council serves as the legislative and policy-making body of City government and is responsible for enacting City ordinances, adopting resolutions, approving the annual budget, appointing commissions and committees, and hiring the City Manager and the City Attorney.

The City Manager is responsible for implementing City Council policies, ordinances, and directives; overseeing day-to-day operations; and appointing the directors of the City's departments. As of June 30, 2024, the City had 349.0 full-time equivalent filled positions, and augmented this staff with temporary and seasonal employees to address short-term needs such as summer recreation programs. The City provides an array of services that include public safety/police services, arts and recreation, general government, finance, technology, human resources, public works, and community development. Responsibilities in each service area include:

- Administrative Services – includes Finance, Budget, Procurement, Treasury, Business License, Accounting, and Information Technology;
- Arts and Recreation – includes Aquatics, Recreation Classes, Senior Services, City Facility Rentals, Sports and Camps, the Leshner Center for the Arts, Bedford Gallery, Center Repertory Company, Arts Education, the Public Art Program, and Boundary Oak Golf Course;
- Community Development – includes Building, Code Enforcement, Planning, Housing, and Transportation Planning;
- General Government – includes City Council, City Treasurer, City Manager's Office, Public Information and Communication, Economic Development, Emergency Management, City Clerk's Office, City Attorney's Office, Risk Management, Sustainability, and Parking Management;
- Human Resources – includes Human Resource functions such as Hiring, Establishing Policies and Procedures, Handling Compensation Issues, and Managing Employee Relations;
- Public Safety – includes all Police functions, comprised of Training, Communications, Patrol, Investigations, Community Policing, and Parking and Traffic Enforcement;
- Public Works – includes Engineering, Maintenance of Buildings, Parks, Streets, and Vehicles, Transportation Operations, Open Space Management, Traffic Engineering, Capital Investment Program, and the Clean Water Program.

The City also oversees the enterprise funds associated with Boundary Oak Golf Course and the Downtown Parking and Enhancement program; financial information for both operations is included in the ACFR. Library services are provided by Contra Costa County, with augmented funding provided by the City to support additional operating hours. Fire services, water, and sewer utilities are provided by separate special districts, with their own governing bodies.

CITY OF WALNUT CREEK FINANCIAL CONDITION AND OUTLOOK

For Fiscal Year 2024 Walnut Creek experienced a mixed economic environment influenced by both growth opportunities and ongoing adjustments post-pandemic. The retail sector in Walnut Creek remained robust, with the City sustaining its reputation as a regional shopping destination. The office sector experienced higher-than-average vacancy rates, mirroring broader regional trends due to remote work preferences. Demand for medical office space grew, driven by new healthcare facilities and the anticipated rise in healthcare needs.

Economic development efforts continue to leverage Walnut Creek's existing strengths, including a best-in-class regional retail and entertainment downtown core. Housing developments were significant, as Walnut Creek continued efforts to address the state-mandated housing requirements (Regional Housing Needs Allocation/ RHNA).

Sales and Property Tax revenues make up approximately 55% of the City's General Fund. Property assessed values grew only 1.5% due primarily to the increased vacancies of commercial properties from the shift to remote work. Residential sales grew 3.9% in FY24. Overall, property tax revenues increased by 5.5% over FY2023. Total Sales Tax revenues grew by 26.0% over FY2023 mostly due to the Measure O half cent local use tax that went into effect on April 1, 2023. The City's 1% Bradley-Burns Sales Tax grew by only 1.3% over FY2023, impacted by several factors including :

- Inflation remained elevated, impacting consumer goods sales statewide.
- Less discretionary income due to rising housing costs.
- Many local businesses continued to face challenges finding and retaining employees with food service, hospitality and retail trade impacted the most.
- The U.S. economy has been showing signs of slowing down, as evidenced by news of a cooling housing market, technology companies announcing hiring freezes or layoffs, and slight increase in the unemployment rate locally.

For Fiscal Year 2024, the City's General Funds (General Fund and Measure O Fund) fund balance increased by \$17.3 million (revenues over expenditures). As of June 30, 2024, the City's investments had a decline in market value of \$4.1 million which is not realized until investments are sold. Although the City holds all investments to maturity, GASB 31 requires the loss be reflected in the financial statements. Therefore the unassigned funds (revenues in excess of expenditures, after transfers, encumbrances, and allocation to reserves) reflected in Note 9 total \$0.6 million. Factors that contributed to this are explained as follows:

- Revenues came in higher than budget by approximately \$6.0 million, with the most notable listed below:
 - General Fund Sales tax revenues totaled \$31.3 million which was \$1.0 million lower than budget, and 4.9% lower than FY2023. This was due to a slow down in the Autos, Transportation, Fuel and service Station industry groups. These two groups saw a combined 16% decline over FY2023.
 - Measure O Sales & Use Tax revenues totaled \$12.9 million which exceeded budget by 3.2% . FY2024 was the first full year of Measure O receipts since it's inception.
 - Property tax and real estate transfer tax receipts exceeded expectations by just over \$1.3 million. FY2024 revenues increased by 5.5% compared to FY2023. Property values continued to increase, but are slowing down due to commercial vacancies.
 - Increased interest and rental income, including the pension trust, totaled \$8.0 million compared to budget. This was primarily due to the reported FY2023 unrealized market loss on investments. In January 2024 the City Council allocated a portion of these funds to the Facilities Reserve.
 - Revenue collected for charges for services, fess and business license tax experienced a \$4.0 million loss compared to budget due in part to the slower post-pandemic recovery for community programs, and accounting corrections for business license.
- Expenditures came in under budget by \$5.7 million. This is primarily due to vacancies that resulted in personnel and operations & maintenance expenditure savings, as well as multi-year projects. Measure O savings due to vacancies, and multi-year programs accounted for \$0.9 million of the total savings.

General Fund reserves remain healthy, and the total balances exceeded the Government Finance Officers Association recommended reserve levels at the end of FY2024, totaling approximately 41.1% of General Fund expenditures (excluding transfers out).

Aging infrastructure continues to be a concern. The City Council has prioritized identification and implementation of a strategy to meet the City's infrastructure needs. As identified in the City's 10-Year Capital Investment Program and the Long-Term Financial Forecast, there is a lack of sufficient funding to replace aging and outdated facilities. In February 2020 the City Council created the Facilities Reserve to help mitigate costs of critical infrastructure needs. The Council has allocated unassigned fund balance from FY2021, FY2022, and FY2023 since the reserve's creation. In the FY2024 & FY2025 adopted budget, City Council allocated \$9.9 million to the capital budget for the new Heather Farm Aquatic and Community Center project, as well as synthetic turf for the fields. The balance of this reserve as of June 30, 2024 is \$9.6 million.

In April of 2023 Measure O, the City's half cent transaction use tax went into effect. Monies collected from this tax measure are to be programmed for a new aquatics center and community center at Heather Farm Park, a roughly \$77 million dollar project estimated to begin construction in 2026. Additionally, Measure O revenues funded new turf and lighting for City fields, and funded City operations in line with community priorities, including public safety, extra library hours, sustainability initiatives, and the arts.

In summary, the City continues to see growth revenue sources since, however growth has slowed over the last fiscal year. The increases in expenditures over time may begin to outpace revenues as pension costs continue to rise over the next several years.

Pension (CalPERS) Liability

Pension costs remain one of the City's most significant cost drivers and financial challenges. Since 2012, CalPERS has been adjusting its funding methodology in an attempt to stabilize its pension portfolio, primarily around the assumed rate of return and demographic assumptions (including life expectancy). Changes to these assumptions have a direct impact on employer costs.

The City's net pension liability increased in Fiscal Year 2024 from \$145.6 million to \$155.3 million (Note 13 to the Financial Statements). This increase was primarily due to a lower than anticipated return on investments in FY2023 of approximately -6.0% compared to the expected discount rate of 6.8%, which affected the valuations as of June 30, 2023, and are reflected in the actuarial reports issued June 30, 2024. While the City makes all required contributions, including payments on the unfunded liability, assumption changes and investment returns on plan assets also impact the City's liability.

In February 2018, the City Council established an IRS Section 115 Irrevocable Pension Trust. During Fiscal Year 2019, the City contributed a total of \$16.9 million. The additional contribution of \$3.0 million was deposited to the trust in Fiscal Year 2020. Investment earnings were higher than anticipated in FY2024 and increased the fair value of the trust to \$27.3 million as of June 30, 2024. Investments in the Trust will be used by the City in future years to help mitigate the impact of projected pension contribution increases. In addition to the Pension Trust, the City has set aside 2.0 million in the General Fund to offset future pension costs.

On July 12, 2021 CalPERS reported preliminary investment returns for FY2021 of 21.3%. Based on their Funding Risk Mitigation policy, when an event occurs (i.e., excess investment return over the discount rate of at least 2.0%) the discount rate (DR) and expected investment return shall be reduced. The investment return exceeded the current DR by 14.3%, which triggered the 0.20% reduction in the DR to 6.8%. Lowering the DR lessens the impact of possible future market downturns and stabilizes the fund. This decrease to the DR will contribute to higher employer contribution rates in the fiscal year that begins on July 1, 2024. The City will continue to see an increase in Unfunded Actuarial Liability (UAL) payments; however, CalPERS indicated that the strong investment returns will likely negate that increase, resulting in an overall minimal impact to UAL payments.

On November 15, 2021 the CalPERS Board of Administration selected a new asset allocation mix, announced it will retain the 6.8% DR, and approved adding 5% leverage to increase diversification. In recent years, CalPERS has taken multiple steps to ensure future sustainability of the fund, including a phased-in reduction of the discount rate, adjustment of demographic assumptions, and adoption of the California Public Employees' Pension Reform Act (PEPRA). These sustainability actions are resulting in significant cost increases to all agencies, including the City, who participate in the CalPERS system.

On July 20, 2022 CalPERS reported a -6.1% loss on investments. This is the first loss suffered since 2009 during The Great Recession. Volatile global financial markets, geopolitical instability, domestic interest rate hikes, and inflation all have had an impact on public market returns. CalPERS' investments in global public stocks returned -13.1%, while fixed income investments returned -14.5%. Public market investments make up roughly 79% of the CalPERS' total fund.

On July 15, 2024 CalPERS reported a 9.3% investment gain. This gain outpaced the discount rate of 6.8%. After the substantial gain in 2021, CalPERS modified the Risk Mitigation Policy to longer include automatic changes to the discount rate triggered by extraordinary returns. The Board has the discretion to decline to adjust the rates and chose to hold the rate at 6.8% in the fall of 2024. The CalPERS Board will consider information presented in the regular four-year Asset Liability Management (ALM) cycle review in 2025 that could result in a recommendation to lower the discount rate

General Fund Reserves

The Walnut Creek City Council maintains prudent reserve policies pursuant to Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Reserve balances have been established and fully funded for events such as a catastrophic emergency (earthquake, flood, etc.) or fiscal emergency (significant drop in revenues). Additional reserve balances have been established to cover costs associated with operational events including workers compensation, pension liability, and legal claims.

The City Council adopted a Use of One-Time Revenues and General Fund Surpluses policy in June 2012 and updated it in July 2017. The purpose of this Policy is to establish a formal process by which one-time revenues and General Fund budget surpluses are to be allocated and used for funding one-time needs in support of overall City goals and priorities. Implementation of this policy has allowed surpluses to be allocated to projects that do not require ongoing operating expenditures. For Fiscal Year 2025, the City Council allocated an additional \$6.0 million to the Facilities Reserve bringing the balance for critical infrastructure needs to \$9.6 million. The City's General Fund reserve balances (excluding the Section 115 pension trust) totaled \$39.0 million as of June 30, 2024.

The City also has nine internal service funds established to provide funding necessary for replacement of equipment, vehicles, employee benefits, and repairs to our facilities in the future. The City has adopted a Capital Investment Policy to guide the prioritization of capital projects.

MAJOR INITIATIVES AND PROJECTS ACCOMPLISHED DURING FISCAL YEAR 2024

Walnut Creek is an active and vibrant community, with a municipal government that is proactive and prepared to respond to changing community needs. Many projects have been accomplished through collaboration between the City and other agencies, private groups, and individuals. Through these creative partnerships, the City is able to provide its citizens with services and amenities beyond those available in many other communities.

The City Council establishes priorities on a two-year calendar basis. On February 28, 2023 the City Council set the following priorities:

- Diversity, Equity, and Inclusion (DEI)
- Economic Development and Job Creation
- Environmental Sustainability and Climate Action
- Parks, Facilities, and Other Infrastructure
- Public Safety and Social Wellness

The City Council evaluates the progress made on each of these goals and priorities quarterly. Council will set new priorities for the FY26 & FY27 cycle in February 2025.

Awards and Grants

- Walnut Creek's Housing Element was certified by the State of California, marking the city's commitment to meeting housing needs across income levels through 2031. This certification demonstrates Walnut Creek's strategic efforts to address housing challenges by identifying land for development, setting housing goals, and aligning policies to support affordable housing growth. This recognition is essential for Walnut Creek to access state funding that aids infrastructure and housing initiatives, reinforcing the city's efforts to provide a diverse range of housing options for its residents.
- The City earned a Prohousing Designation which shows its commitment to implementing local policies that remove obstacles to new housing. A Prohousing Designation gives the City priority processing or funding points when applying for several funding programs, including Affordable Housing and Sustainable Communities (AHSC), Infill Infrastructure Grant (IIG), Transformative Climate Communities (TCC), and more.
- The City website was recognized for its effective communication and design and received the California Public Information Officers EPIC Award of Distinction.
- The City celebrated the 50th anniversary of expanded open space. The City purchased Lime Ridge, Shell Ridge, Sugarloaf and Acalanes, as well as a couple of local community parks with the R-8 bond in 1974.
- The City was selected as a 2024 Beacon Spotlight Platinum awardee for sustainability best practices from the Institute for Local Government. This award recognizes both the City's long commitment to sustainable practices and policies, and its continued commitment as the City implements the Strategic Action Plan.

Initiatives

- Partnered in Contra Costa County's A3 program ensuring that Anyone, Anywhere, Anytime can access behavioral health services. Considerable progress was made on the countywide mobile crisis response program. The Miles Hall Crisis Call Center achieved a major milestone in December 2023 and is now operating 24 hours a day, seven days a week. The program launched an online dashboard that tracks call volumes, average wait times, and call service types across the County and by jurisdiction.
- Several programs at the Leshner Center moved to a Pay What You Can Community model to support the arts and provide access to the community at all levels of affordability.
- Continued participation in MCE's Strategic Energy Management Program. This partnership assists staff in reducing energy use at large City facilities by up to 15% through the implementation of no-cost and low-cost savings opportunities. Staff are working to collect baseline data on City Hall, Downtown Library, and Leshner Center buildings to develop areas for efficiency and cost-saving improvements.
- The Economic Development Division launched a Data Dashboard, highlighting relevant economic indicators in the city and community information.
- The final Sustainability Action Plan was adopted by City Council in July 2023. The City launched a sustainability survey determine topics of interest within the community.

- The Police Department became an early adopter of Active Bystander for Law Enforcement (ABLE). ABLE was developed by Georgetown University Law Center after years of academic research and is designed to strengthen a culture that supports peer intervention. WCPD is the first adopter of the program within Contra Costa County and joins a list of 22 other California law enforcement agencies who have become early adopters of ABLE.

Infrastructure

- The Heather Farm Aquatics and Community Center project is now in the design phase with Council unanimously accepting the Heather Farm Aquatic and Community Center Design Development Package elements including the updated project site plan
- The City Council authorized the Boundary Oak Golf Course Driving Range Improvement project in January, which will create a more modern, environmentally sustainable driving range with contemporary amenities and an improved appearance.
- The Council adopted the Local Roadway Safety Plan: A Path to Vision Zero along with a resolution that aims to eliminate fatal and severe injury collisions in Walnut Creek by December 2034. The City was awarded grant funding to develop a Traffic Safety Action Plan that will implement the Local Roadway Safety Plan.

Technology

- The City launched a redesigned website as well as three new sub-sites for Arts + Recreation, Economic Development, and the Police Department that reflect a more inclusive approach to online communications. In addition to simplifying the text, a new translation tool makes the site available to an expanded audience. The City is also using analytics to measure accessibility for all viewers. Implemented new technological solutions for employee onboarding, benefits, and training.
- Enhanced virtual service delivery, including an electronic plan submittal system and online permitting.
- Continued process improvement and streamlining of office systems including Office 365, document retention, and the Capital Budget allocation process.

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, reliability of accounting data accuracy, and adherence to prescribed policies. The concept of reasonable assurance recognizes that the cost of a control measure should not exceed benefits likely to be derived from it and that the evaluation of costs and benefits requires estimates and judgments by management.

The City adopts a biennial budget effective July 1 for the ensuing two-year period that includes annual budgets for each of the two years. In November 2019, City Council authorized the development of a one-year budget for FY2021. On July 7, 2020, City Council adopted the FY2021 one-year budget and the City resumed the two-year budget cycle with FY2022 & FY2023 biennial budget. Public hearings are conducted on the proposed budget to review all appropriations and sources of financing. On June 20, 2023 City Council adopted the FY2024 & FY2025 Biennial Budget.

Capital projects are budgeted by the City over multiple years which varies based on the term of the individual projects. The Capital Projects budget is derived from the City's 10-year Capital Investment Program and is adopted on a basis substantially consistent with GAAP. Expenditures are controlled at the fund level for all budgeted departments within the City. At this level, expenditures may not legally exceed appropriations. Any significant amendments to the total level of appropriations for a fund, or transfers between funds, must be approved by the City Council.

ANNUAL INDEPENDENT AUDIT

The City's annual audit of financial statements and records for fiscal year ended June 30, 2024 was completed by Maze & Associates, Certified Public Accountants, appointed by the City Council. The independent auditor's report has been made a part of this report.

ACKNOWLEDGMENTS

The preparation of this report could not have been achieved without the talented and dedicated services of the entire staff of the Finance Division and in particular, the commitment and diligence of Finance Manager Katye Roa. Special thanks are extended to Budget Manager Katie Bruner, Senior Accountants Cindy Yu and Alva Mai, Accountant II Doris Lau, and Executive Assistant Sherri Morrissey for their assistance in the preparation of this document. This report is representative of the City's ongoing commitment to provide high-quality services to Walnut Creek residents, businesses, and visitors.

I also wish to recognize the City Council and City Treasurer for their commitment to the high standards embodied in this report and express appreciation to them for their continued stewardship and commitment to ensuring the long-term fiscal health of Walnut Creek.

Respectfully submitted,



Dan Buckshi, City Manager



Kirsten LaCasse, Administrative Services Director



Government Finance Officers Association

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

Presented to

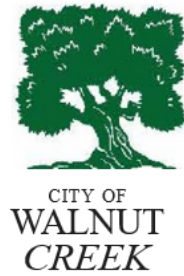
**City of Walnut Creek
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



Our Mission

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

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

Our Values

We aspire to achieve our mission and vision by incorporating those values that help our community and each of us to realize our highest potential emphasizing:

- Respect
- Integrity
- Excellence
- Teamwork
- Creativity

Our Vision

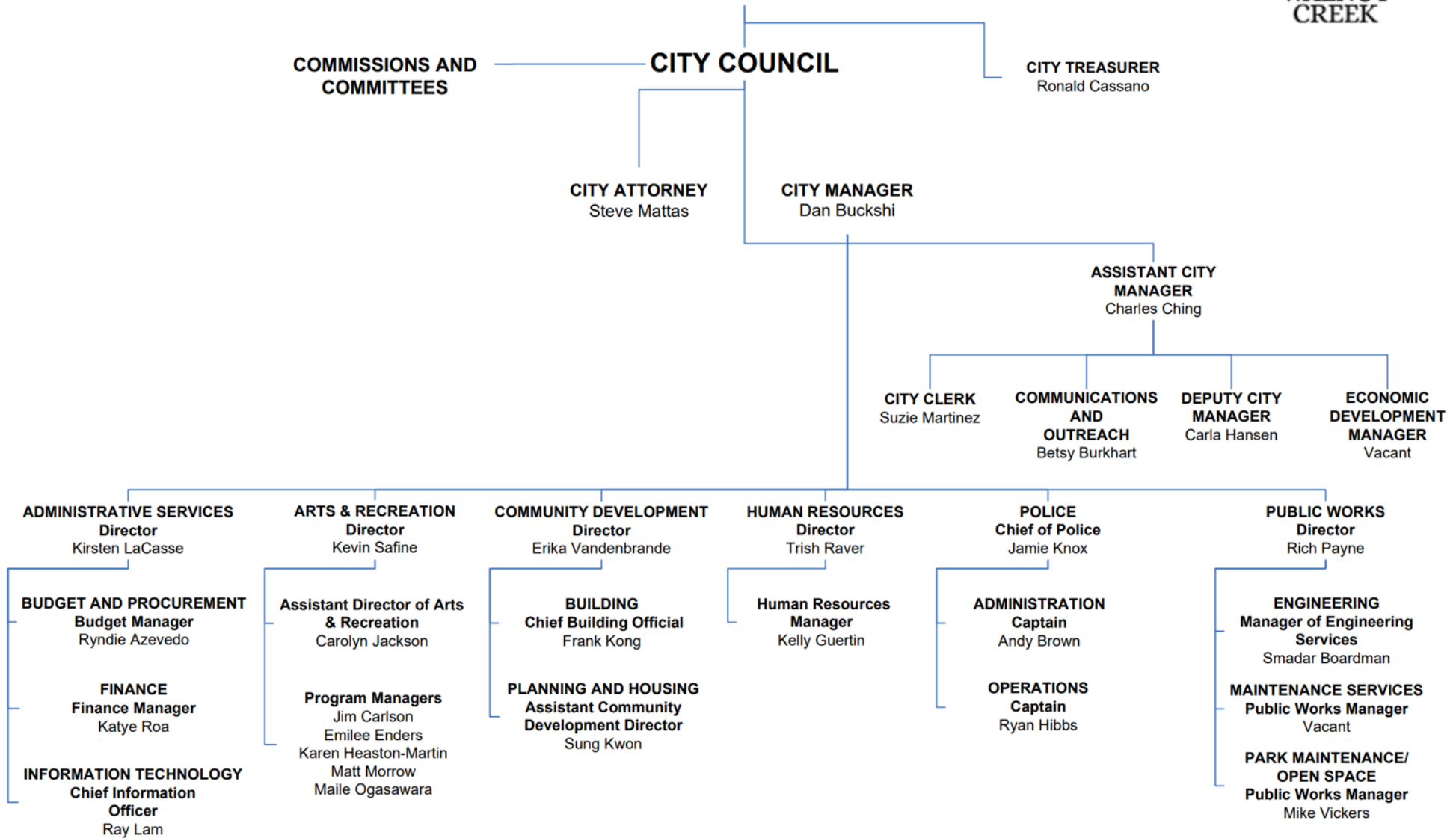
A balanced community meeting tomorrow's needs while protecting the quality and character we value today. We strive to accomplish this by:

- Enhancing the quality of community living
- Promoting a vibrant local economy, including
- Being an employer of choice by

Organizational Profile



RESIDENTS OF WALNUT CREEK





CITY OF
WALNUT
CREEK

PRINCIPAL OFFICERS

June 30, 2024



Loella Haskew
Mayor

Cindy Darling
Mayor Pro Tem



Cindy Silva
Council Member

Matt Francois
Council Member



Kevin Wilk
Council Member

Ron Cassano
City Treasurer





ADMINISTRATION PERSONNEL

June 30, 2024

Dan Buckshi
City Manager



Charles Ching
Assistant City Manager



Steve Mattas
City Attorney



Rich Payne
Public Works Director



Jamie Knox
Chief of Police



Kirsten LaCasse
Administrative Services
Director



Kevin Safine
Arts & Recreation Director



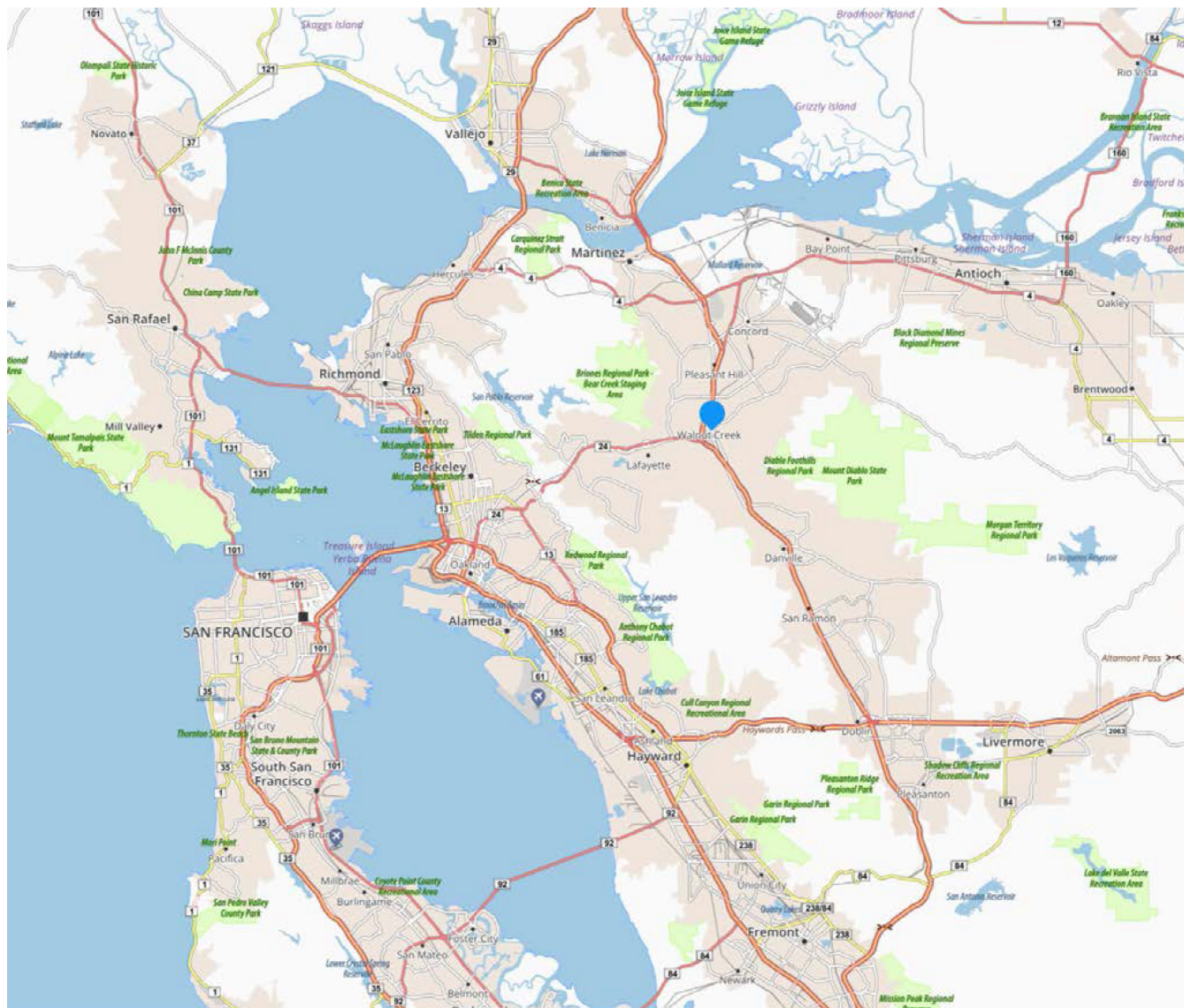
Erika Vandenbrande
Community Development
Director



Trish Raver
Human Resources Director



Regional Map of Walnut Creek and Nearby Cities



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Walnut Creek, California

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds' information of the City as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Boundary Oak - Onsite Contract Operations Enterprise Fund, which is both major fund and represents 3.9%, -1.64%, and 47.1%, of the assets, net position, and revenues respectively of the business-type activities. The financial statements of Boundary Oak - Onsite Contract Operations Enterprise Fund were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the City's financial statements for the year ended June 30, 2023, and we expressed unmodified opinions on these audited financial statements in our report dated December 1, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplemental Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 12, 2024



MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

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, 2024 in accordance with standards established by the Governmental Accounting Standards Board. We encourage readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal, which can be found in the preceding introductory section of this report, and with the City's basic financial statements and accompanying notes to those financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of four components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, 3) Notes to the Basic Financial Statements, and 4) Required Supplementary Information.

Government-wide Financial Statements

These government-wide financial statements provide a broad overview of the City's activities as a whole, in a manner similar to a private-sector business, and include the Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* presents information about the financial position of the City on the full accrual basis, similar to that used in the private sector. It shows the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating. It is also important to consider other non-financial factors, such as changes in the City's property tax values and sales tax outlets, and the condition of the City's infrastructure (i.e. parks, facilities and streets), to accurately assess the overall health of the City.

The *Statement of Activities* presents information about the City's revenues and all its expenses, also on the full accrual basis, and explains in detail the change in net position for the year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows.

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



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

Fund Financial Statements

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. These statements provide additional information about the City's major funds, how services were financed in the short term and the fund balances available for financing future projects.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information, such as the budgetary comparison information on the City's General Fund. Each major special revenue fund as well as the schedule of changes in the City's net pension liability for the miscellaneous plan, schedule of the City's proportionate share of the safety cost-sharing plan and the schedules of the City's pension contributions to each plan. This information is intended to furnish additional detail to support the basic financial statements.

FINANCIAL HIGHLIGHTS

The government-wide statement of net position for the City's governmental and business-type activities indicates that as of June 30, 2024, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$331.2 million compared to a net position of \$325.1 million at June 30, 2023. Financial highlights for the year ended June 30, 2024 include the following:

Government-wide:

- \$221.2 million of the net position represents the City's investment in capital assets, less any related outstanding debt and related deferred outflows and inflows of resources used to acquire those assets (net investment in capital assets). These capital assets are used to provide services to residents and are not available for future spending.
- \$67.3 million represent resources that are subject to restrictions on their use, of which \$38.5 million is for capital projects, \$18.0 million represents community development (housing, clean water, and grants), \$5.9 million is non-expendable which includes \$1.5 million in the Leshner Endowment Fund.
- Total City revenues were \$147.4 million, of which \$133.0 million was derived from Governmental Activities, \$14.4 million was derived from Business-type Activities.
- Total City expenses, including depreciation, were \$141.3 million, of which Governmental Activities incurred \$127.6 million and Business-type Activities incurred \$13.7 million.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

Fund Level:

Governmental fund balances totaled \$165.1 million, the Enterprise funds had an \$22.4 million net position surplus, of which \$12.4 million relates to net investment in capital assets. There was a cumulative net position surplus of \$10.4 million in the Internal Service Funds, of which \$4.3 million relates to the City's Internal Service Funds net investment in capital assets.

Proprietary Funds:

- Operating revenues totaled \$18.5 million, of which \$14.3 million were in the Enterprise Funds and \$4.3 million in the Internal Service Funds.
- Operating expenses totaled \$20.8 million, of which \$13.6 million were in the Enterprise funds and \$7.2 million in the Internal Service Funds.
- Non-operating revenues (expenses and capital contributions) totaled \$1.0 million and were comprised of \$0.7 million in the Enterprise Funds and \$0.4 million in the Internal Service Funds.

General Funds:

- General Funds revenues were \$119.1 million and expenditures were \$102.3 million.
- Total revenues were comprised of Measure O at \$12.9 million, and General Fund at \$104.6 million
- Net transfers out exceeded transfers in by approximately \$4.2 million in the General Fund.
- The fund balance of the General Funds was \$110.8 million at June 30, 2024.

Housing Successor Agency Fund:

- Housing Successor Agency Fund revenues were approximately \$0.4 million and expenditures were \$4,318.
- The ending fund balance was approximately \$3.0 million at June 30, 2024, and is classified as restricted for future low and moderate income housing programs and projects.

Housing Funds:

- Housing fund revenues were \$0.7 million and expenditures were \$0.2 million.
- The fund balance was \$9.0 million at June 30, 2024, and is restricted for affordable housing projects.

CDBG Fund:

- Community Development Block Grant (CDBG) Fund revenues were \$0.3 million and expenditures were \$0.3 million.
- The fund balance was zero at June 30, 2024.

Capital Investment Program Fund:

- Capital Investment Program Fund revenues were \$0.6 million and expenditures were \$13.6 million.
- Net transfers into the Fund were \$12.8 million.
- The Fund had a deficit fund balance of \$1.8 million at June 30, 2024, primarily due to monies due from outside funding wherein the conditions of reimbursements state that projects need to be completed prior to billing.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on net position and how it has changed, within the City's Governmental Activities (Tables 2 and 3) and Business-Type Activities (Tables 5 and 6) as presented in the Government- wide *Statement of Net Position* and *Statement of Activities*.

The City's total net position was \$331.2 million at June 30, 2024. This is an increase of \$6.1 million over the prior year. This is primarily attributed to receiving a full fiscal year of Measure O transaction and use tax compared to FY2023.

Table 1
Governmental Wide Statement of Net Position (In Millions)

	2024	2023
Cash and investments	\$ 166,628,542	\$ 148,034,273
Other assets	87,133,183	86,503,479
Capital assets	227,369,187	228,062,822
Total assets	\$ 481,130,912	\$ 462,600,574
Deferred outflows of resources	49,591,135	51,707,211
Current liabilities	21,046,335	19,057,020
Non-current liabilities	169,244,057	157,596,560
Total liabilities	\$ 190,290,392	\$ 176,653,580
Deferred inflows of resources	9,254,623	12,596,831
Net Position		
Net investment in capital assets	221,235,051	225,975,326
Restricted	67,257,213	57,556,268
Unrestricted	42,684,768	41,525,780
Total net position	\$ 331,177,032	\$ 325,057,374

Governmental Activities

As noted earlier, net position represents the difference between assets, deferred outflow of resources and liabilities, and deferred inflow of resources of the City's governmental activities and may over time serve as a useful indicator of the City's financial position. The City's governmental activities, assets and deferred outflows exceeded liabilities and deferred inflows by \$308.8 million at June 30, 2024. Table 2 summarizes the City's governmental activities net position.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

Table 2

Governmental Activities Statement of Net Position (In Millions)

	2024	2023
Cash and investments	\$ 177.9	\$ 162.2
Other assets	63.9	61.3
Capital assets	213.4	214.0
Total assets	\$ 455.2	\$ 437.5
Deferred outflows of resources	49.6	51.7
Current liabilities	19.1	17.2
Non-current liabilities	167.7	156.0
Total liabilities	\$ 186.7	\$ 173.1
Deferred inflows of resources	9.3	12.6
Net Position		
Net investment in capital assets	208.9	213.6
Restricted	61.9	56.4
Unrestricted	38.1	33.5
Total net position	\$ 308.8	\$ 303.5

Of the governmental activities total net position, \$208.9 million, or 67.6%, reflects its net investment in capital assets (e.g. land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The total assets of \$455.2 million represent a \$17.7 million or a 4.1% increase, driven by higher receipts and amounts due from other funds to capital projects.

Capital Assets (net) decreased slightly by \$0.63 million or 0.3% primarily driven by depreciation charges for the current year.

The governmental activities total liabilities of \$186.7 million represent outstanding obligations for operations, capital projects, deposits held for development projects, long-term debt and net pension liability. Total liabilities increased by \$13.6 million or 7.9% due to the increase in the pension liability based on a lower than anticipated CalPERS investment return of -6.1% as of June 30, 2022.

A portion of the governmental activities net position represents resources that are subject restriction on how they may be used.

For fiscal year ended June 30, 2024, total revenues from all sources relating to governmental activities excluding transfers were \$132.0 million which represents a \$17.3 million (or 15.1%) increase compared to June 30, 2023. The increase is attributed to a full fiscal year receipts for Measure O transactions and use tax , an increase in both property and transient occupancy taxes, and the mark-to-market loss restored from FY2023.

Total expenses for all City programs relating to governmental activities were \$127.6 million. This represents an increase of 22.3%. This increase is primarily related to salary and benefit costs, pension expense, and one-time projects for technology and infrastructure.

The following charts summarize governmental activities program and general City revenues available for funding all City programs and major expense program categories.

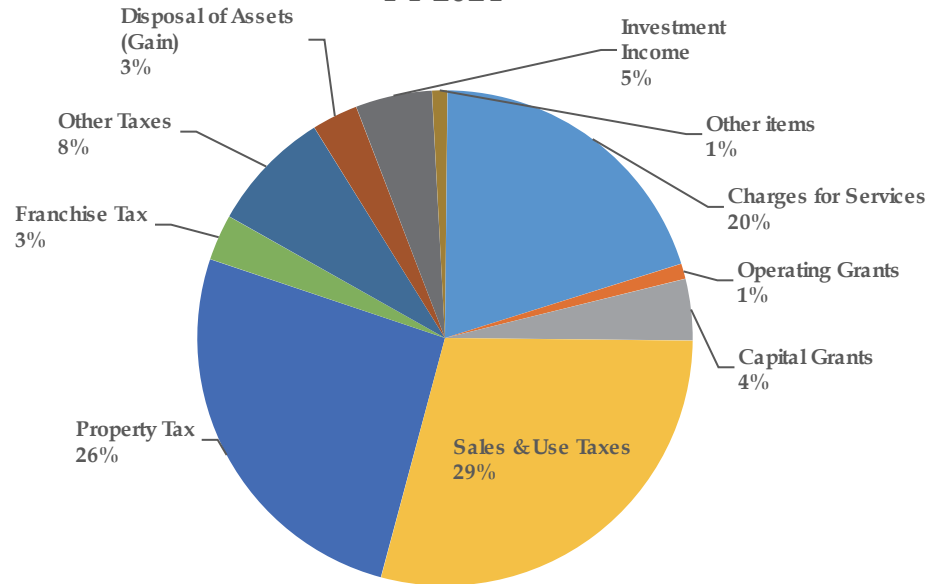


City of Walnut Creek

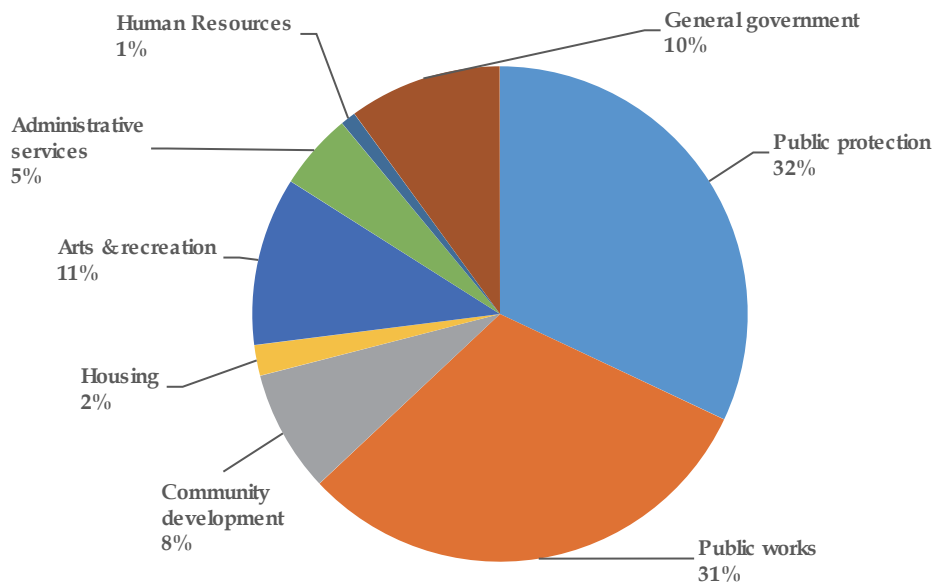
Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

**Governmental Activities
by Source of Revenue
FY 2024**



**Governmental Activities
Expenses by Function
FY 2024**





City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

Table 3
Change in Net Position - Governmental Activities
(In Millions)

Revenues	2024	2023
Program revenues		
Charges for services	\$ 27.9	\$ 26.3
Operating contributions and grants	1.4	1.8
Capital grants	0.7	2.5
Total program revenues	\$ 30.0	\$ 30.7
General revenues		
Taxes:		
Sales and use	\$ 45.8	\$ 36.3
Property	32.6	30.9
Franchise	4.0	3.9
Transient Occupancy	2.6	2.0
Other taxes	4.6	6.2
Intergovernmental	1.9	1.8
Investment income	9.3	2.3
Disposal of Assets	0.5	0.0
Other	0.8	0.6
Total general revenues	\$ 102.0	\$ 84.1
Total revenues	\$ 132.0	\$ 114.7
Expenses		
Public protection	\$ 39.7	\$ 23.6
Public works	37.3	32.0
Community and economic development	10.3	9.6
Arts and recreation	21.7	18.3
Administrative services	5.7	4.7
Human resources	2.2	1.9
General Government	10.7	9.1
Interest on long-term debt	—	—
Total expenses	\$ 127.6	\$ 99.2
Excess (deficiency) before transfers	4.4	15.6
Transfers	0.9	0.2
Change in net position - Governmental Activities	\$ 5.4	\$ 15.8
Net Position - Beginning of year	303.5	287.6
Net Position - End of year	\$ 308.8	\$ 303.5

Table 3 shows that governmental activities expenses, which totaled \$127.6 million (before transfers), were offset in part by program revenues for governmental activities of \$30.0 million. These program revenues included \$27.9 million in charges for services, \$1.4 million in operating grants and contributions, and \$0.7 million in capital grants.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

Governmental Revenues

Charges for services include traffic safety fines, plan check fees, building inspection fees, other charges related to new construction, and fees charged for recreational, arts and cultural programs. These revenues increased by \$1.6 million or 6.0% primarily due to the Arts and Recreation facility and programming returning to post-pandemic levels.

Operating grants and contributions include amounts contributed by developers that are restricted to either grant requirements, or have been designated for one-time expenses, while capital grants and contributions are required to fund capital investments. . During the year the City's awarded operating grants decreased by \$0.4 million, while capital grants awarded decreased by \$1.8 million.

General revenues, as shown in Table 3 on the previous page, are available to pay for expenses not fully covered by program generated revenues. These revenues increased by \$17.9 million, or 21.3%, due to the first full fiscal year of receipts for Measure O transactions and use tax , an increase in both property and transient occupancy taxes, and the mark-to-market loss restored from FY2023.

Governmental Expenses

Public protection expenditures increased by \$16.1 million (68.2%) from the prior year primarily due to filling vacancies, one-time projects for technology, as well as an increase in pension expense.

Public Works expenditures increased by \$5.3 million (16.5%) compared to the prior year primarily due to higher depreciation expenses, and increases in capital expenses.

Community Development expenditures increased \$2.4 million (30.2%) from the prior fiscal year primarily due to an increase in pension expense. Housing expenditures are included in Community Development in FY2024

Arts and Recreation expenditures were higher by \$3.5 million (19.0%) more than the prior year primarily due to performing arts center reopening, and an increase in programs and services since returning to pre-pandemic levels in FY2024. Additionally, pension expenses increased compared to FY2023.

Administrative Services expenditures increased by \$1.0 million compared to prior year as a result of increased salary and benefit costs, and one-time costs associated with accounting and technology improvements..

General Government expenditures increased by \$1.5 million (16.7%) due primarily to an increase in insurance costs, and pension expenses.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

Table 4 presents the program revenues and net expense of each of the City's largest programs. Net expense is defined as total program cost less the revenues generated or contributions received by those specific activities.

Table 4
Governmental Activities
Program Revenues and Net (Expense) Revenue From Service
(In Millions)

	Program Revenue		Net (Expense) Revenue	
	2024	2023	2024	2023
Public protection	\$ 1.2	\$ 0.9	\$ (38.5)	\$ (22.7)
Public works	6.5	9.1	(30.7)	(22.8)
Community development	9.8	9.4	(0.5)	1.5
Housing	—	0.4	—	(1.3)
Arts and recreation	11.4	10.0	(10.4)	(8.2)
Administrative services	0.2	0.3	(5.5)	(4.4)
Human resources	—	—	(2.2)	(1.9)
General government	0.9	0.5	(9.8)	(8.7)
Totals	\$ 30.0	\$ 30.7	\$ (97.6)	\$ (68.5)



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

Business-type Activities

As shown in Table 5, the net position of the City's business-type activities was \$22.4 million at June 30, 2024. Assets totaling \$25.9 million included a total of \$16.0 million in cash and investments, a deficit \$4.1 million in receivables and internal balances (loan from the General Fund), and \$14.0 million in capital assets. Liabilities totaling \$3.5 million include \$1.2 million in long-term debt, \$0.4 million compensated absences and \$2.0 million in other current liabilities.

Table 5
Business - Type Activities Statement of Net Position
(In Millions)

	2024	2023
Cash and investments	\$ 16.0	\$ 10.5
Other assets	(4.1)	0.5
Capital assets	14.0	14.0
Total assets	\$ 25.9	\$ 25.1
Long-term debt outstanding	\$ 1.2	\$ 1.3
Compensated absences	0.4	0.3
Other liabilities	2.0	1.9
Total liabilities	\$ 3.5	\$ 3.5
Net Position		
Net investment in capital assets	\$ 12.4	\$ 12.4
Restricted	5.4	1.1
Unrestricted	4.6	8.1
Total net position	\$ 22.4	\$ 21.6



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

Table 6 shows that Business type activities expenses, which totaled \$13.6 million, were offset by revenues of \$14.9 million. These revenues included \$11.6 million in charges for services, \$3.3 million in interest, investment earnings and capital contributions, thus adding \$0.8 million to the net position at the end of the year.

Table 6
Change in Net Position - Business-type Activities
(In Millions)

	<u>2024</u>	<u>2023</u>
Revenues		
Program revenue		
Charges for services	\$ 11.6	\$ 11.4
Total program revenues	<u>\$ 11.6</u>	<u>\$ 11.4</u>
General revenues		
Investment income and other	\$ 3.3	\$ 2.8
Total revenues	<u>\$ 14.9</u>	<u>\$ 14.2</u>
Expenses		
Golf Course and Clubhouse	\$ 5.7	\$ 5.5
Downtown Parking and Enhancement	7.9	7.3
Total expenses	<u>\$ 13.6</u>	<u>\$ 12.8</u>
Excess (deficiency) before transfers	\$ 1.3	\$ 1.4
Transfers	(0.9)	(0.2)
Change in Net Position	<u>\$ 0.8</u>	<u>\$ 1.3</u>
Net position - Business-type Activities		
Net Position - Beginning of year	\$ 22.0	\$ 20.7
Net Position - End of year	<u>\$ 22.8</u>	<u>\$ 22.0</u>

Charges for services increased by \$0.3 million or 2.4% due to increased Golf activities. Parking revenues remained relatively flat while capital contributions increased.

Parking costs rose by \$0.6 million, or 8.2%, primarily due to the increased contractual costs associated with increased ridership on County Connections bus routes 4 and 5, which are subsidized by the City.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

These statements provide more detailed information about the City's major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's or government agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City has thirty one governmental funds, of which five are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The City's five major funds are - the General Funds, the Housing Successor Agency Fund, the Housing Fund, the Community Development Block Grant Fund and the Capital Investment Program Fund. Data from the other twenty six governmental funds are combined into a single, aggregated presentation.

The City Council adopts a biennial appropriated budget for its General Fund and other funds. Budgetary comparison statements have been provided in the Required Supplementary Information section for the general funds and major special revenue funds that demonstrates compliance with their budgets.

Proprietary funds

The City maintains two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its operation of Boundary Oak Golf Course (City administration and onsite contract operations) and Downtown Parking and Enhancement, both of which are classified as major funds in the City's Statement of Net Position. Internal service funds are used to accumulate and allocate costs internally among the City's various functions and to build up reserves for future replacement of capital assets. The City uses internal service funds to account for such activities as its fleet of vehicles, computer systems, other furniture and equipment, and improvements to City buildings. Because these services solely benefit the governmental function, they have been included within governmental activities in the government-wide financial statements.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. All nine internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the Supplemental Information section of this report.

Fiduciary Funds

The City is the agent for certain agencies and assessment districts, holding amounts collected which await payment as directed. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City is acting as a trustee for these funds and cannot use these assets to finance its own operations. The City's fiduciary funds include a private-purpose trust fund to account for the activities of the City of Walnut Creek Successor Agency and custodial funds to account for district assessments.

Summary Analysis of Governmental Funds

At June 30, 2024, the City's governmental fund balances were \$165.1 million, which is an overall increase of \$17.6 million, as compared to the prior fiscal year. The following describe the specifics related to this variance:

- General Fund revenue increased \$18.0 million compared to FY2023 primarily due to the restoration of the \$8.1 million loss in FY2023 of investment income (including the pension trust). Sales & Use Tax increased \$9.4 million, or 26.0%, due to the first full fiscal year of Measure O receipts. Property tax and real estate transfer tax increased \$1.7 million.
- Expenditures increased \$13.2 million, or 12.8%, over FY2023 in the areas of Public Safety, Public Works, Arts & Recreation and General Government.

Table 7 on the following page provides year-over-year comparisons for governmental revenue and expenditures.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the Year Ended June 30, 2024

Table 7
Statement of Revenues, Expenditures and Other Financing Sources/Uses
Governmental Funds
(In Millions)

	2024	2023
Revenues		
Taxes:		
Sales and use	\$ 45.8	\$ 36.3
Property	32.6	30.9
Business license	1.6	3.7
Franchise	4.0	3.9
Transient occupancy	2.6	1.6
Other taxes	2.9	2.9
Intergovernmental	5.6	6.3
Investment and rental income	14.1	6.0
Charges for services	14.4	14.4
Licenses, permits and fees	5.6	5.9
Fines, forfeitures and penalties	0.3	0.4
Other revenues	2.0	1.3
Total revenues	\$ 131.7	\$ 113.6
Expenditures		
Current:		
Public protection	\$ 33.1	\$ 30.8
Public works	35.8	28.6
Community and economic development	9.6	9.9
Arts and recreation	20.2	18.3
Administrative services	5.3	4.7
Human resources	2.1	1.9
General government	10.1	8.7
Capital outlay & Debt service	0.1	0.1
Total expenditures	\$ 116.3	\$ 103.1
Other		
Transfers (net)	\$ 2.2	\$ 0.6
	\$ 2.2	\$ 0.6
Net change in fund balance	\$ 17.6	\$ 11.1



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

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, 2024, the total fund balance was \$69.5 million, \$64.9 million of which is non-spendable, restricted or has been committed or assigned to cover contingencies, claims, encumbrances, advances to other funds and other City projects.

Revenues were \$4.4 million higher in fiscal year ended June 30, 2024 compared to last fiscal year, a change of 4.9%.

Expenditures increased \$8.3 million in fiscal year ended June 30, 2024 compared to last fiscal year, a change of 9.0%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:

General Fund Revenues

Sales and Use Taxes overall reduced by \$1.6 million (5.0%) compared to the prior year. This was due to the slowing of the Autos & Transportation, as well as Fuel & Service Station industry groups.

Property Taxes overall increased by \$1.7 million (5.5%) compared to the prior year primarily attributable to continued increases in property values (assessed value) but are slowing down due to commercial vacancies with the increased remote work since the pandemic.

Charges for Services reduced by \$0.6 (4.8%) from the prior year, mainly due to a reduction in engineering inspection fees in Public Works, which was offset in part by increased fees from programs and registrations in Arts & Recreation.

Transient Occupancy Taxes increased by \$1.0 million (59.2%) compared to the prior fiscal year, primarily due to the delayed rebound from the pandemic.

General Fund Expenditures

Public protection expenditures increased by \$1.5 million (5.0%) from the prior year primarily due to increased salary and benefit costs associated with negotiated salary increases, in addition to one-time technology and infrastructure improvements.

Public works expenditures increased by \$0.9 million (5.4%) compared to the prior year primarily due to increases in staff and utility costs.

Community development expenditures increased nominally by \$0.2 million from the prior fiscal year.

Arts and Recreation expenditures were \$1.6 million (8.7%) higher than the prior year primarily due to the increase in programming, and performances at the Leshner Center.

Administrative services expenditures increased by \$0.5 million (11.6%) compared to prior year primarily due to an increase in salary and benefits costs due to filling a significant number of vacant positions, as well as technology enhancements.

Human resources expenditures increased by \$0.2 million (11.0%) over the prior fiscal year primarily due to increased costs associated with the increase in recruitment efforts using external consultants.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

General government expenditures increased by \$0.6 million (7.6%) from the prior fiscal year primarily due to increased insurance costs.

Housing Successor Agency Special Revenue

The Housing Successor Agency Special Revenue Fund was created by the City of Walnut Creek Housing Successor Agency to retain housing assets and perform housing functions of the former Redevelopment Agency of the City of Walnut Creek, which was eliminated effective February 1, 2012 by the State. As of June 30, 2024, fund balance was \$3.0 million which is restricted for future housing projects and programs. The fund balance increased by \$0.4 million, due to higher revenues than expected from loan repayments.

Housing Special Revenue

The Housing Special Revenue Fund accounts for in lieu fees derived of local development projects. As of June 30, 2024, the fund balance was \$9.0 million, which is restricted for affordable housing projects. During the fiscal year, the fund balance increased by \$0.5 million due to lower than anticipated costs.

Community Development Block Grant (CDBG) Special Revenue

The CDBG Special Revenue Fund accounts for the grants received to carry out a wide range of community development activities directed towards developing viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities for low and moderate income households. As of June 30, 2024, the CDBG fund had a fund balance of zero.

Capital Investment Program

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2024, the fund balance was a deficit \$1.8 million, primarily due to monies due from outside funding wherein the conditions of reimbursements state that project work needs to be completed prior to being billed.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

Summary Analysis of Proprietary Funds

As of June 30, 2024, the Enterprise Funds had a net position balance of \$22.4 million, an increase of \$0.8 million from the prior year. The net position balance of the Internal Service Funds is \$14.7 million, a decrease of \$3.3 million from the previous fiscal year.

Table 8
Change in Fund Net Position - Proprietary Funds
(In Millions)

	Total Enterprise Funds		Total Internal Service Funds	
	2024	2023	2024	2023
Operating revenues	\$ 14.3	\$ 13.7	\$ 4.3	\$ 4.3
Operating expenses	13.6	12.8	7.2	2.0
Operating income (loss)	\$ 0.6	\$ 0.9	\$ (2.9)	\$ 2.3
Non-operating revenues (expenses)	\$ 0.7	\$ 0.5	\$ 0.4	\$ 0.2
Net income (loss) before contributions and operating transfers	\$ 1.3	\$ 1.4	\$ (2.5)	\$ 2.5
Transfers in (out) and Capital Contributions	\$ (0.5)	\$ (0.1)	\$ (0.8)	\$ (0.3)
Change in net position	\$ 0.8	\$ 1.3	\$ (3.3)	\$ 2.2

Boundary Oak City Administration and Onsite Contract Operations Enterprise Funds

These funds account for the administration and operation of the City's Boundary Oak Golf Course and Clubhouse. The total net position is \$8.3 million; an increase of \$0.8 million. This increase is primarily related to an increase in golf activities.

Downtown Parking and Enhancement Enterprise Fund

This fund accounts for the administration and operation of the downtown trolley, parking lot certifications, parking meters and enforcement, as well as parking garages. The total net position as of June 30, 2022 is \$14.1 million, an increase of approximately \$0.3 million from the prior year.

Internal Service Funds

These funds are presented in the proprietary fund statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements as they predominantly benefit governmental rather than business-type functions.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

BUDGETARY HIGHLIGHTS OF THE CITY'S GENERAL FUND

Over the course of the year, the City Council revised the City's budget with adjustments for various revenue and expenditure changes. After taking into account these adjustments, General Fund actual revenues were higher than the final budget by \$4.0 million which is primarily attributable to higher revenues from sales tax and property tax, business license, and interest earnings..

General Fund actual expenditures (excluding transfers out) were \$4.8 million (4.9%) under the final budget, with savings in General Government (\$2.3 million), Public Works (\$0.9 million), and Community and Economic Development (\$0.8 million). The savings in General Government and Community Development were primarily related to multi-year projects and Council initiatives that carried into FY2025, as well as savings from position vacancies. Public Works had lower than anticipated costs for contractual services.

Net unassigned fund balance for the year was a deficit \$582,879 million after accounting for unrealized investment losses, contributions to the committed reserves, encumbrance reserve and others. Further details are provided in the transmittal letter.

CAPITAL ASSETS AND LONG TERM DEBT

Capital Assets

The City records all of its capital assets, including infrastructure in the Statement of Net Position. Infrastructure includes roads, bridges, signals and similar assets used by the entire population. The City has recorded its capital assets at historical cost or estimated historical cost if actual historical cost was not available. In addition, donated capital assets have been valued at their estimated acquisition value on the date donated.

At June 30, 2024, the cost of infrastructure and other capital assets recorded on the City's financial statements is shown in Table 9 on the next page:



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the Year Ended June 30, 2024

Table 9
Capital Assets
(in Millions)

Governmental activities	2024	2023
Land	\$ 45.6	\$ 45.6
Construction in progress	25.7	19.5
Building and improvements	140.7	140.4
Machinery and equipment	13.2	11.9
Vehicles	12.2	12.2
SBITA	5.7	5.0
Infrastructure	224.7	224.3
Less accumulated depreciation	(254.3)	(244.7)
Totals	\$ 213.4	\$ 214.0
Business-type activities		
Land	\$ 1.3	\$ 1.3
Construction in process	0.8	1.6
Buildings	22.8	21.6
Improvements	2.7	2.7
Machinery and equipment	3.6	3.3
Vehicles	0.4	0.5
Less accumulated depreciation	(17.7)	(17.0)
Totals	\$ 14.0	\$ 14.0

At June 30, 2024, the City had \$213.4 million, net of depreciation, invested in a broad range of capital assets used in governmental activities and \$14.0 million, also net of depreciation, invested in Business-type activities assets, as shown in Table 9.

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



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

Long Term Debt

At June 30, 2024 the City's debt was comprised of the following:

Table 10
Outstanding Debt
(In Millions)

	2024	2023
Governmental activities		
PG&E Energy Efficiency Loans	\$ 0.4	\$ 0.5
Total governmental activities debt	<u>\$ 0.4</u>	<u>\$ 0.5</u>
Business-type activities		
Capital Lease Obligations	\$ 1.6	\$ 1.6
Total business-type activities debt	<u>\$ 1.6</u>	<u>\$ 1.6</u>
Total debt	<u>\$ 2.0</u>	<u>\$ 2.1</u>

The City made all required debt service payments on the issues listed above. As related to the governmental activities, the capital lease obligation represents a lease agreement for financing of a police mobile data system and vehicle leases for public works and police. The PG&E Energy Efficiency loans were secured to finance an LED streetlight conversion project that was completed in fiscal year 2012. In the business-type activities, the capital lease obligations represent lease agreements for the financing of equipment at the golf course.

During fiscal year 2015, the City entered into a site and facility lease agreement with Pinnacle Lease Financing in the amount of \$3.3 million to finance improvements at the Boundary Oak Golf Course Clubhouse. Present value of future lease payments is \$1.3 million. Additional information on outstanding debt may be found in Note 7 to the Basic Financial Statements.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

For Fiscal Year 2024 Walnut Creek experienced a mixed economic environment influenced by both growth opportunities and ongoing adjustments post-pandemic. The retail sector in Walnut Creek remained robust, with the City sustaining its reputation as a regional shopping destination. The office sector experienced higher-than-average vacancy rates, mirroring broader regional trends due to remote work preferences. Demand for medical office space grew, driven by new healthcare facilities and the anticipated rise in healthcare needs.

Economic development efforts continue to leverage Walnut Creek's existing strengths, including a best-in-class regional retail and entertainment downtown core. Housing developments were significant, as Walnut Creek continued efforts to address the state-mandated housing requirements (Regional Housing Needs Allocation/RHNA).



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

Aging infrastructure continues to be a concern. The City Council has prioritized identification and implementation of a strategy to meet the City's infrastructure needs. As identified in the City's 10-Year Capital Investment Program and the Long-Term Financial Forecast, there is a lack of sufficient funding to replace aging and outdated facilities. In February 2020 the City Council created the Facilities Reserve to help mitigate costs of critical infrastructure needs. The Council has allocated unassigned fund balance from FY2021, FY2022, and FY2023 since the reserve's creation. In the FY2024 & FY2025 adopted budget, City Council allocated \$9.9 million to the capital budget for the new Heather Farm Aquatic and Community Center project, as well as synthetic turf for the fields. . The balance of this reserve as of June 30, 2024 is \$9.6 million.

In April of 2023 Measure O, the City's half cent transaction use tax went into effect. Monies collected from this tax measure are to be programmed for a new aquatics center and community center at Heather Farm Park, a roughly \$77 million dollar project estimated to begin construction in 2026. Additionally, Measure O revenues funded new turf and lighting for City fields, and funded City operations in line with community priorities, including public safety, extra library hours, sustainability initiatives, and the arts.

The City Council has also identified funding capital infrastructure as a high priority area and is working to identify current and future facility needs and potential funding options to address those needs.

Major Capital Projects in Construction

Major Capital Projects in construction for FY2024 and beyond, include:

- Walker-Homestead Drainage (2025)
- S. Main Street Bridge replacement (2026)
- Bancroft Road Bridge widening (2027)
- Heather Farm Aquatics Facility (2025)
- OBAG3 Safe Routes to School Projects (2025)
- Traffic Monitoring and Communications (2025)
- Heather Farm Synthetic Turf Field 1 & 2 (2025)
- Boundary Oak Driving Range (2024)
- North Broadway Improvements (2026)

Walker-Homestead Drainage – This project is a multi-year design and construction project required to satisfy legal action. The design is not yet complete, as it requires significant coordination with non-City utilities. These utilities have a requirement to fund portions of the design and relocation required by the addition of new storm drain piping. Construction estimates for the project has exceeded costs allocated for the project. City is evaluating alternatives toward satisfying the legal action.

S. Main Street Bridge Replacement – The project is part of a Federal Aid project to replace the S. Main Street bridge over Las Trampas Creek. The Federal Aid program is managed by Caltrans Local Assistance. The City's match is 11.47% of the eligible project costs. This project is currently in final design and right-of-way / easement acquisition phase.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2024

Bancroft Road Bridge Widening – The project is part of a Federal Aid project to widen the Bancroft Road bridge over Walnut Creek. The Federal Aid program is managed by Caltrans Local Assistance. The City's match is 11.47% of the eligible project costs. This project is in the design phase and the widening strategy is in review with Caltrans.

Heather Farm Aquatics Facility – This project is startup design for a future replacement of Clarke Swim Center and the Heather Farm Community Center. The Council is considering funding sources including Measure O bond measure for the full project that will replace the Aquatics facility and the Community Center at Heather Farm.

OBAG3 Safe Routes to Schools – This project includes projects near schools to enhance safety and improve usability for users of all ages and abilities. Projects include: Broadway/Newell Avenue Intersection Improvements, Cedro Sidewalk and intersection Improvements, Parkside Drive Sidewalk Gap Closure to close a sidewalk gap on Parkside Drive between Buena Vista Ave and San Juan Ave, and Walnut Boulevard sidewalk at Walnut Heights Elementary School. The City applied and was successful in securing Federal Grant funding from the One Bay Area Grant (Round 3) for Safe Routes to School related improvements. The City's match is 11.47% of the eligible project costs.

Traffic Monitoring and Communications - This project would strengthen communications infrastructure with fiber connections on Ygnacio Valley Road and is intended to optimize efficiency of the corridor by leveraging enhanced hardware and/or software. The City was awarded Federal earmarks to support this project. The City's match is 11.47% of the eligible project costs.

Heather Farm Synthetic Turf Field 1 & 2 - This project would fund the design and construction of all-weather sports fields at Heather Farm Ballfields 1 and 2 meeting ADA and clean water requirements.

Boundary Oak Driving Range - This project would fund the reconstruction of the Boundary Oak Driving Range. The project will create a modern, environmentally sustainable driving range with improved maintenance capabilities, contemporary amenities and an enhanced patron experience that will increase revenue to the enterprise fund.

North Broadway Improvements – This project would implement a "road diet" along N Broadway from N Civic Drive to Ygnacio Valley Road, and provide a roadway that is configured with one travel lane in each direction, a center turn lane, parking, a high-quality bike facility, improved pedestrian facilities and crossings, street lighting, and green infrastructure consistent with the intent of the North Downtown Specific Plan. Project will also add Class II bike lane to Arroyo and close sidewalk gaps between Main and Civic.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive 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 following address: City of Walnut Creek, Finance Division, 1666 North Main Street, Walnut Creek, California 94596.

A copy of this financial report can be found on the City's website at <http://www.walnutcreekca.gov>.



BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Walnut Creek
Statement of Net Position
June 30, 2024
(With comparative information from the prior year)

	Governmental Activities	Business-type Activities	Totals	
			2024	2023
ASSETS				
Current assets:				
Cash and investments (Note 2)	\$ 150,613,853	\$ 16,014,689	\$ 166,628,542	\$ 148,034,273
Restricted cash and investments (Note 2)	27,287,754	-	27,287,754	24,657,031
Receivables:				
Accounts	10,409,368	423,145	10,832,513	12,503,527
Taxes	1,124	-	1,124	-
Due from other governments	1,589,007	-	1,589,007	1,333,312
Interest	227,787	27,573	255,360	184,184
Inventory of materials and supplies	66,353	154,319	220,672	162,657
Prepaid items	112,224	21,032	133,256	408,084
Internal balances	4,721,000	(4,721,000)	-	-
Total current assets	195,028,470	11,919,758	206,948,228	187,283,068
Noncurrent assets:				
Notes and loans receivable (Note 3)	40,222,057	-	40,222,057	40,347,397
Leases receivable (Note 10)	6,591,440	-	6,591,440	6,907,287
Capital assets (Note 6):				
Nondepreciable	71,296,094	2,166,256	73,462,350	68,004,910
Depreciable	396,419,246	29,485,923	425,905,169	421,722,526
Accumulated depreciation	(254,330,464)	(17,667,868)	(271,998,332)	(261,664,614)
Total capital assets	213,384,876	13,984,311	227,369,187	228,062,822
Total noncurrent assets	260,198,373	13,984,311	274,182,684	275,317,506
Total assets	455,226,843	25,904,069	481,130,912	462,600,574
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions (Note 13)	49,591,135	-	49,591,135	51,707,211
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	3,825,749	824,850	4,650,599	4,300,852
Accrued payroll	1,420,923	70,180	1,491,103	1,059,656
Refundable deposits	1,467,047	396,832	1,863,879	1,808,437
Unearned revenue (Note 4)	8,151,414	257,549	8,408,963	7,866,777
Claims payable due in one year (Note 12)	2,631,567	-	2,631,567	2,429,729
Compensated absences due in one year (Note 8)	621,271	-	621,271	475,981
SBITA due in one year (Note 11)	874,754	-	874,754	707,671
Long-term debt due in one year (Note 7)	80,678	423,521	504,199	407,917
Total current liabilities	19,073,403	1,972,932	21,046,335	19,057,020
Noncurrent liabilities:				
Claims payable due in more than one year (Note 12)	4,226,475	-	4,226,475	2,387,443
Compensated absences due in more than one year (Note 8)	4,551,986	373,421	4,925,407	4,340,362
Net pension liability (Note 13)	155,336,991	-	155,336,991	145,592,569
SBITA due in more than one year (Note 11)	3,270,251	-	3,270,251	3,596,608
Long-term debt due in more than one year (Note 7)	289,098	1,195,835	1,484,933	1,679,578
Total noncurrent liabilities	167,674,801	1,569,256	169,244,057	157,596,560
Total liabilities	186,748,204	3,542,188	190,290,392	176,653,580
DEFERRED INFLOWS OF RESOURCES				
Related to leases (Note 10)	6,298,739	-	6,298,739	6,786,183
Related to pensions (Note 13)	2,955,884	-	2,955,884	5,810,648
Total deferred inflows	9,254,623	-	9,254,623	12,596,831

(continued)



City of Walnut Creek
Statement of Net Position
June 30, 2024
(With comparative information from the prior year)

	Governmental Activities	Business-type Activities	Totals	
			2024	2023
NET POSITION				
Net investment in capital assets (Note 9)	208,870,095	12,364,956	221,235,051	225,975,326
Restricted for:				
Capital projects	33,120,493	5,401,562	38,522,055	34,404,100
Community and economic development	17,992,183	-	17,992,183	16,764,553
Other Purposes	4,357,966	-	4,357,966	4,550,790
Nonexpendable	5,854,308	-	5,854,308	1,000,000
Expendable	530,701	-	530,701	836,825
Total restricted net position	61,855,651	5,401,562	67,257,213	57,556,268
Unrestricted net position	38,089,405	4,595,363	42,684,768	41,525,780
Total net position	\$ 308,815,151	\$ 22,361,881	\$ 331,177,032	\$ 325,057,374



City of Walnut Creek
Statement of Activities
For the Year Ended June 30, 2024
(With comparative information from the prior year)

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-type Activities	Totals	
								2024	2023
Primary government:									
Governmental activities:									
Public protection	\$ 39,702,577	\$ 549,047	\$ 596,521	\$ 59,089	\$ 1,204,657	\$ (38,497,920)	\$ -	\$ (38,497,920)	\$ (22,665,095)
Public works	37,259,299	5,922,988	-	605,964	6,528,952	(30,730,347)	-	(30,730,347)	(22,837,480)
Community and economic development	10,262,349	9,096,430	659,461	50,369	9,806,260	(456,089)	-	(456,089)	197,034
Arts and recreation	21,743,431	11,388,360	-	-	11,388,360	(10,355,071)	-	(10,355,071)	(8,247,094)
Administrative services	5,736,845	217,535	-	134	217,669	(5,519,176)	-	(5,519,176)	(4,379,913)
Human resources	2,246,383	-	-	-	-	(2,246,383)	-	(2,246,383)	(1,869,972)
General government	10,674,070	710,289	153,879	-	864,168	(9,809,902)	-	(9,809,902)	(8,664,869)
Interest on long-term debt	-	-	-	-	-	-	-	-	-
Total governmental activities	127,624,954	27,884,649	1,409,861	715,556	30,010,066	(97,614,888)	-	(97,614,888)	(68,467,389)
Business-type activities:									
Golf course	5,758,875	6,168,661	-	-	6,168,661	-	409,786	409,786	472,068
Downtown parking and enhancement	7,906,935	5,458,400	-	404,789	5,863,189	-	(2,043,746)	(2,043,746)	(1,790,216)
Total business-type activities	13,665,810	11,627,061	-	404,789	12,031,850	-	(1,633,960)	(1,633,960)	(1,318,148)
Total primary government	\$ 141,290,764	\$ 39,511,710	\$ 1,409,861	\$ 1,120,345	\$ 42,041,916	(97,614,888)	(1,633,960)	(99,248,848)	(69,785,537)
General revenues:									
Taxes:									
Sales and use						45,756,757	-	45,756,757	36,313,010
Property						32,573,559	-	32,573,559	30,887,473
Franchise						4,044,428	-	4,044,428	3,930,307
Transient Occupancy						2,598,976	-	2,598,976	1,632,598
Other taxes						4,568,358	-	4,568,358	6,568,935
Total taxes						89,542,078	-	89,542,078	79,332,323
Intergovernmental						1,911,522	-	1,911,522	1,772,621
Investment income						9,295,073	698,439	9,993,512	2,843,937
Other						787,981	2,629,666	3,417,647	2,999,022
Gain from disposal of assets						500,000	3,747	503,747	3,551
Transfers						943,384	(943,384)	-	-
Total general revenues and transfers						102,980,038	2,388,468	105,368,506	86,951,454
Change in net position						5,365,150	754,508	6,119,658	17,165,917
Net position - beginning of year						303,450,001	21,607,373	325,057,374	307,891,457
Net position - end of year						\$ 308,815,151	\$ 22,361,881	\$ 331,177,032	\$ 325,057,374

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in FY2024:

General Funds:

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

Measure O Fund accounts for the City's 1/2 cent use tax enacted with Measure O, passed by voters in November 2022.

Section 115 Pension Trust Fund accounts for the City's IRS Section 115 irrevocable pension trust fund established in February 2018.

Special Revenue Funds:

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

Housing Fund accounts for employee affordable housing program, in lieu fees and other restricted funds to be used for affordable housing projects.

Community Development Block Grants (CDBG) Fund is used to account for grant receipts and related expenditures restricted for the primary purpose of developing viable communities.

Capital Project Fund:

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



City of Walnut Creek
Balance Sheet
Major Governmental Funds
June 30, 2024
(With comparative information from the prior year)

		Special Revenue			Capital Project		Total Governmental Funds	
	General Fund	Housing Successor Agency	Housing	CDBG	Capital Investment Program	Non-Major Governmental Funds	2024	2023
ASSETS:								
Cash and investments (Note 2)	\$ 77,442,427	\$ 3,026,318	\$ 9,050,091	\$ -	\$ 2,336,671	\$ 43,489,560	\$ 135,345,067	\$ 122,278,237
Restricted cash and investments	27,287,754	-	-	-	-	-	27,287,754	24,657,031
Accounts receivable	9,065,114	-	-	133,256	-	1,210,998	10,409,368	12,057,533
Interest receivable	104,195	5,355	15,831	-	-	75,000	200,381	153,930
Prepaid items	44,583	-	-	-	-	20,746	65,329	249,263
Due from other governments	-	-	-	-	1,589,007	-	1,589,007	1,333,312
Due from other funds (Note 5)	1,849,199	-	-	-	-	-	1,849,199	2,078,708
Notes and loans receivable (Note 3)	-	6,581,394	30,309,390	2,704,951	-	626,322	40,222,057	40,347,398
Taxes Receivable	-	-	-	-	-	1,124	1,124	-
Inventory of materials and supplies	66,353	-	-	-	-	-	66,353	53,911
Interfund loan (Note 5)	4,721,000	-	-	-	-	-	4,721,000	48,362
Leases Receivable	6,591,440	-	-	-	-	-	6,591,440	6,907,287
Total assets	\$ 127,172,065	\$ 9,613,067	\$ 39,375,312	\$ 2,838,207	\$ 3,925,678	\$ 45,423,750	\$ 228,348,079	\$ 210,164,972
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:								
LIABILITIES:								
Accounts payable and other accrued liabilities	\$ 2,688,492	\$ -	\$ 46,001	\$ 49,449	\$ 711,536	\$ 283,720	\$ 3,779,198	\$ 3,336,548
Accrued Payroll	1,379,954	-	1,848	1,848	17,224	44,605	1,445,479	1,029,585
Due to other funds (Note 5)	-	-	-	81,959	1,556,541	210,699	1,849,199	2,078,708
Refundable deposits	1,467,047	-	-	-	-	-	1,467,047	1,448,683
Unearned revenues (Note 4)	4,492,935	-	-	-	3,479,276	179,203	8,151,414	7,620,131
Total liabilities	10,028,428	-	47,849	133,256	5,764,577	718,227	16,692,337	15,513,655
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenues - revolving notes and loans	-	6,581,394	30,309,390	2,704,951	-	626,322	40,222,057	40,347,397
Related to leases	6,298,739	-	-	-	-	-	6,298,739	6,786,183
Total deferred inflows of resources	6,298,739	6,581,394	30,309,390	2,704,951	-	626,322	46,520,796	47,133,580
FUND BALANCES (Note 9):								
Nonspendable	4,854,308	-	-	-	-	1,000,000	5,854,308	1,351,536
Restricted	27,629,449	3,031,673	9,018,073	-	-	43,079,201	82,758,396	79,241,838
Committed	25,071,120	-	-	-	-	-	25,071,120	21,896,853
Assigned	48,674,939	-	-	-	-	-	48,674,939	40,256,649
Unassigned	4,615,082	-	-	-	(1,838,899)	-	2,776,183	4,770,861
Total fund balances (deficits)	110,844,898	3,031,673	9,018,073	-	(1,838,899)	44,079,201	165,134,946	147,517,736
Total liabilities, deferred inflows of resources and fund balances	\$ 127,172,065	\$ 9,613,067	\$ 39,375,312	\$ 2,838,207	\$ 3,925,678	\$ 45,423,750	\$ 228,348,079	\$ 210,164,972

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



City of Walnut Creek

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2024

Total Fund Balances - Total Governmental Funds	\$ 165,134,946
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Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Capital assets of governmental activities consist as follows, net of capital assets reported in the internal service funds:

Nondepreciable	71,296,094
Depreciable, net	137,764,716

Deferred outflows of resources related to pensions (Note 13).	49,591,135
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Revenues which are unavailable on the Governmental Funds Balance Sheet because they are not currently available are recognized as revenue in the Statement of Activities and accordingly increase the net position on the Statement of Net Position.	40,222,057
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Internal service funds are used to charge the costs of facility, vehicle and equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	14,702,099
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet:

Long-term liabilities - due within one year:

Claims and judgments payable	(1,417,952)
Compensated absences payable	(621,271)
Long-term debt and SBITA liabilities	(955,432)

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

Claims and judgments payable	(497,032)
Compensated absences payable	(4,551,986)
Net pension liability	(155,336,991)
Long-term debt and SBITA liabilities	(3,559,349)

Deferred inflows of resources related to pensions (Note 13)	(2,955,884)
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Net Position of Governmental Activities	\$ 308,815,151
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City of Walnut Creek

Statement of Revenues, Expenditures and Changes in Fund Balances Major Governmental Funds For the Year Ended June 30, 2024 (With comparative information for the prior year)

	Special Revenue				Capital Project	Non-major Governmental Funds	Total Governmental Funds	
	General Funds	Housing Successor Agency	Housing	CDBG	Capital Investment Program		2024	2023
REVENUES:								
Taxes:								
Sales and use	\$ 44,094,136	\$ -	\$ -	\$ -	\$ -	\$ 1,662,621	\$ 45,756,757	\$ 36,313,010
Property	32,197,959	-	-	-	-	375,600	32,573,559	30,887,472
Business license	1,619,390	-	-	-	-	-	1,619,390	3,680,457
Franchise	4,044,428	-	-	-	-	-	4,044,428	3,930,307
Transient occupancy	2,598,976	-	-	-	-	-	2,598,976	1,632,598
Other	754,756	-	-	-	-	2,194,211	2,948,967	2,888,478
Intergovernmental	266,151	-	-	302,647	588,256	4,454,585	5,611,639	6,317,936
Investment and rental income	12,642,380	88,768	273,878	18,412	-	1,095,897	14,119,335	6,025,525
Charges for services	12,660,262	-	432,176	-	-	1,307,403	14,399,841	14,387,576
Licenses, permits and fees	5,627,515	-	-	-	-	-	5,627,515	5,891,364
Fines, forfeitures and penalties	324,285	-	1,600	-	-	-	325,885	363,422
Other revenue	1,382,000	271,110	3,844	1,440	-	387,371	2,045,765	1,322,412
Total revenues	118,212,238	359,878	711,498	322,499	588,256	11,477,688	131,672,057	113,640,557
EXPENDITURES:								
Current:								
Public protection	32,699,149	-	-	-	-	439,172	33,138,321	30,802,180
Public works	18,875,724	-	-	-	13,567,009	3,314,488	35,757,221	28,551,887
Community and economic development	8,342,162	4,318	167,372	322,414	-	727,189	9,563,455	9,941,776
Arts and recreation	19,913,304	-	-	85	-	290,080	20,203,469	18,342,420
Administrative services	5,343,114	-	-	-	-	-	5,343,114	4,744,154
Human resources	2,092,814	-	-	-	-	-	2,092,814	1,886,250
General government	9,406,517	-	-	-	-	676,898	10,083,415	8,742,339
Capital outlay:								
Public ways and facilities and equipment	-	-	-	-	-	-	-	-

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



City of Walnut Creek

Statement of Revenues, Expenditures and Changes in Fund Balances Major Governmental Funds For the Year Ended June 30, 2024 (With comparative information for the prior year)

	Special Revenue				Capital Project		Total Governmental Funds	
	General Funds	Housing Successor Agency	Housing	CDBG	Capital Investment Program	Non-major Governmental Funds	2024	2023
Debt service:								
Principal retirement (Note 7)	72,100	-	-	-	-	-	72,100	78,150
Interest, fiscal charges and issuance costs	-	-	-	-	-	-	-	-
Total expenditures	96,744,884	4,318	167,372	322,499	13,567,009	5,447,827	116,253,909	103,089,156
REVENUES OVER (UNDER) EXPENDITURES	21,467,354	355,560	544,126	-	(12,978,753)	6,029,861	15,418,148	10,551,401
OTHER FINANCING SOURCES (USES) (Note 5):								
Sale of asset	500,000	-	-	-	-	-	500,000	-
Transfers in	853,573	-	-	-	12,765,686	1,046,258	14,665,517	7,770,128
Transfers (out)	(5,534,748)	-	-	-	-	(7,431,707)	(12,966,455)	(7,216,745)
Total other financing sources (uses)	(4,181,175)	-	-	-	12,765,686	(6,385,449)	2,199,062	553,383
Net change in fund balances	17,286,179	355,560	544,126	-	(213,067)	(355,588)	17,617,210	11,104,784
FUND BALANCES:								
Beginning of year	93,558,719	2,676,113	8,473,947	-	(1,625,832)	44,434,789	147,517,736	136,517,417
End of year	\$ 110,844,898	\$ 3,031,673	\$ 9,018,073	\$ -	\$ (1,838,899)	\$ 44,079,201	\$ 165,134,946	\$ 147,622,201



City of Walnut Creek

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2024

Net Changes in Fund Balances - Total Governmental Funds	\$ 17,617,210
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Amounts reported for governmental activities in the Statement of Activities were different because:

Depreciation expense on capital assets is reported in the Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation is not reported as an expenditure in governmental funds. (8,150,986)

Governmental funds report acquisition of capital assets as expenditures in various functions and in capital outlay. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets additions recorded in the current period. 8,076,391

Unavailable revenue is not available to liquidate liabilities of the governmental funds during the current year, however, such amounts were recognized as revenue in the Statement of Activities as earned. (125,340)

Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Long-term debt repayments and related interest expenses adjustment 80,678

SBITA liabilities addition and amortization do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds 159,274

Expenses to accrue for long-term compensated absences and claims liability is reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, these expenses are not reported in governmental funds until they are liquidated (net changes). 16,607

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represent the net change in pension related amounts. (9,005,734)

Internal service funds are used to charge the costs of information technology and equipment replacement, to individual funds. The net revenue, before transfers, of the internal service funds is reported with governmental activities. (3,302,950)

Change in Net Position of Governmental Activities	\$ 5,365,150
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PROPRIETARY FUND FINANCIAL STATEMENTS

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

Enterprise Funds:

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

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

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

Internal Service Funds:

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



City of Walnut Creek
Statement of Net Position
Proprietary Funds
June 30, 2024
(With comparative information from the prior year)

	Business-type Activities - Enterprise Funds			Total Enterprise Funds		Governmental Activities Internal Service Funds	Total Internal Service Funds	
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	2024	2023		2024	2023
ASSETS:								
Current assets:								
Cash and investments	\$ 8,363,550	\$ 399,195	\$ 7,251,944	\$ 16,014,689	\$ 10,519,461	\$ 15,268,786	\$ 15,268,786	\$ 15,236,574
Total cash and investments (Note 2)	8,363,550	399,195	7,251,944	16,014,689	10,519,461	15,268,786	15,268,786	15,236,574
Accounts receivable	-	45,763	377,382	423,145	445,993	-	-	-
Interest receivable	14,794	-	12,779	27,573	11,592	27,406	27,406	18,662
Inventory of materials & supplies	-	154,319	-	154,319	108,746	-	-	-
Prepaid items	-	21,032	-	21,032	25,213	46,895	46,895	133,608
Total current assets	8,378,344	620,309	7,642,105	16,640,758	11,111,005	15,343,087	15,343,087	15,388,844
Noncurrent assets:								
Capital assets (Note 6):								
Nondepreciable	1,337,396	-	828,860	2,166,256	2,960,018	-	-	-
Depreciable	10,083,850	1,362,088	18,039,985	29,485,923	28,077,019	17,073,602	17,073,602	16,949,173
Accumulated depreciation	(5,201,021)	(980,253)	(11,486,594)	(17,667,868)	(16,987,727)	(12,749,536)	(12,749,536)	(12,071,064)
Total capital assets	6,220,225	381,835	7,382,251	13,984,311	14,049,310	4,324,066	4,324,066	4,878,109
Total noncurrent assets	6,220,225	381,835	7,382,251	13,984,311	14,049,310	4,324,066	4,324,066	4,878,109
Total assets	14,598,569	1,002,144	15,024,356	30,625,069	25,160,315	19,667,153	19,667,153	20,266,953
LIABILITIES:								
Current liabilities:								
Accounts payable and accrued liabilities	-	365,763	459,087	824,850	908,065	46,551	46,551	56,238
Accrued payroll	1,399	-	68,781	70,180	47,598	(24,556)	(24,556)	(17,527)
Refundable deposits	-	637,382	17,000	654,382	606,400	-	-	-
Interfund loan - due in one year (Note 5)	-	-	-	-	-	-	-	-
Compensated absences - due in one year (Note 8)	-	-	-	-	-	-	-	-

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



City of Walnut Creek
Statement of Net Position
Proprietary Funds
June 30, 2024
(With comparative information from the prior year)

	Business-type Activities - Enterprise Funds			Total Enterprise Funds		Governmental Activities Internal Service Funds	Total Internal Service Funds	
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	2024	2023		2024	2023
Long term debt - due in one year (Note 7)	-	365,808	-	365,808	87,768	-	-	-
Claims payable due in one year (Note 12)	-	-	-	-	-	1,213,615	1,213,615	708,015
Total current liabilities	1,399	1,368,953	544,868	1,915,220	1,649,831	1,235,611	1,235,611	746,726
Noncurrent liabilities:								
Interfund loan - due in more than one year (Note 5)	4,721,000	-	-	4,721,000	48,362	-	-	-
Compensated absences - due in more than one year (Note 8)	-	-	373,421	373,421	305,475	-	-	-
Long term debt - due in more than one year (Note 7)	1,253,547	-	-	1,253,547	1,549,274	-	-	-
Claims payable due in more than one year (Note 12)	-	-	-	-	-	3,729,443	3,729,443	1,515,178
Total noncurrent liabilities	5,974,547	-	373,421	6,347,968	1,903,111	3,729,443	3,729,443	1,515,178
Total liabilities	5,975,946	1,368,953	918,289	8,263,188	3,552,942	4,965,054	4,965,054	2,261,904
NET POSITION:								
Net investment in capital assets	4,966,678	16,027	7,382,251	12,364,956	12,412,268	4,324,066	4,324,066	4,878,109
Restricted for:								
Capital Projects	4,760,484	-	611,260	5,371,744	965,378	-	-	-
Unrestricted net position	(1,104,539)	(382,836)	6,112,556	4,625,181	8,229,727	10,378,033	10,378,033	13,126,940
Total net position (deficit)	\$ 8,622,623	\$ (366,809)	\$ 14,106,067	\$ 22,361,881	\$ 21,607,373	\$ 14,702,099	\$ 14,702,099	\$ 18,005,049

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



City of Walnut Creek
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024
(With comparative information from the prior year)

	Business-type Activities - Enterprise Funds					Governmental	Total Internal Service Funds	
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	Total Enterprise Funds		Activities Internal Service Funds	2024	2023
				2024	2023			
OPERATING REVENUES:								
Charges for services	\$ -	\$ 6,168,661	\$ 5,458,400	\$ 11,627,061	\$ 11,359,850	\$ 4,286,717	\$ 4,286,717	\$ 4,301,486
Fines, forfeitures and penalties	-	-	2,581,499	2,581,499	2,336,849	-	-	-
Licenses, permits and fees	-	-	36,000	36,000	28,231	-	-	-
Other revenue	-	12,167	-	12,167	9,776	-	-	-
Total operating revenues	-	6,180,828	8,075,899	14,256,727	13,734,706	4,286,717	4,286,717	4,301,486
OPERATING EXPENSES:								
Supplies and services	426,331	4,994,953	7,153,789	12,575,073	11,675,994	6,141,980	6,141,980	986,156
Repairs and maintenance	11,849	85,619	168,369	265,837	372,575	4,767	4,767	10,877
Depreciation	166,687	36,454	576,199	779,340	751,733	1,058,584	1,058,584	992,166
Total operating expenses	604,867	5,117,026	7,898,357	13,620,250	12,800,302	7,205,331	7,205,331	1,989,199
OPERATING INCOME (LOSS)	(604,867)	1,063,802	177,542	636,477	934,404	(2,918,614)	(2,918,614)	2,312,287
NONOPERATING REVENUES (EXPENSES):								
Investment and rental income	479,996	-	218,443	698,439	519,576	-	-	-
Interest and related expenses	(34,754)	(2,228)	(8,578)	(45,560)	(57,009)	371,343	371,343	205,725
Gain (loss) on sale of capital assets	-	-	3,747	3,747	3,551	-	-	-
Total nonoperating revenues (expenses)	445,242	(2,228)	213,612	656,626	466,118	371,343	371,343	205,725
Net income (loss) before capital contributions and transfers	(159,625)	1,061,574	391,154	1,293,103	1,400,522	(2,547,271)	(2,547,271)	2,518,012
Capital contributions	-	-	404,789	404,789	179,313	-	-	-
Transfers in (Note 5)	1,152,008	-	-	1,152,008	1,000,000	-	-	-
Transfers (out) (Note 5)	(403,948)	(1,152,008)	(539,436)	(2,095,392)	(1,247,782)	(755,679)	(755,679)	(305,603)
Change in net position	588,435	(90,434)	256,507	754,508	1,332,053	(3,302,950)	(3,302,950)	2,212,409
NET POSITION:								
Total net position (deficit)	8,034,188	(276,375)	13,849,560	21,607,373	20,275,320	18,005,049	18,005,049	18,005,049
Total net position (deficit) - Ending	\$ 8,622,623	\$ (366,809)	\$ 14,106,067	\$ 22,361,881	\$ 21,607,373	\$ 14,702,099	\$ 14,702,099	\$ 20,217,458

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



City of Walnut Creek
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024
(With comparative information from the prior year)

	Business-type Activities - Enterprise Funds			Total Enterprise Funds			Total Internal Service Funds	
	Golf Course City Administration	Boundary Oak Onsite Contract Operations	Downtown Parking and Enhancement	2024	2023	Governmental Activities Internal Service Funds	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from customers	\$ -	\$ 6,151,361	\$ 8,038,655	\$ 14,190,016	\$ 13,663,855	\$ 4,373,430	\$ 4,373,430	\$ 4,420,797
Payments to employees	-	-	67,947	67,947	-	-	-	-
Payments to suppliers	(480,094)	(4,998,608)	(7,374,862)	(12,853,564)	(11,953,383)	(3,443,600)	(3,443,600)	(3,348,992)
Other receipts	-	12,167	36,000	48,167	38,007	-	-	-
Net cash provided (used) by operating activities	(480,094)	1,164,920	767,740	1,452,566	1,748,479	929,830	929,830	1,071,805
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Transfers in	1,152,008	-	-	1,152,008	-	-	-	-
Transfers out	(403,948)	(1,152,008)	(539,436)	(2,095,392)	(755,679)	(755,679)	(755,679)	(305,603)
Net cash provided (used) by noncapital financing activities	748,060	(1,152,008)	(539,436)	(943,384)	(247,782)	(755,679)	(755,679)	(305,603)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Capital Contribution	-	-	404,789	404,789	179,313	-	-	-
Sale/(acquisition) of capital assets, net	-	-	(401,042)	(401,042)	(231,468)	(504,535)	(504,535)	(1,948,345)
Interest paid on debt	(45,887)	(2,228)	(13,425)	(61,540)	(60,214)	-	-	-
Principal paid on long-term debt	4,376,911	(31,512)	-	4,345,399	(248,620)	-	-	-
Net cash provided (used) by capital and related financing activities	4,331,024	(33,740)	(9,678)	4,287,606	(360,989)	(504,535)	(504,535)	(1,948,345)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Investment income received	479,997	-	218,443	698,440	519,574	362,595	362,595	204,060
Net cash provided by investing activities	479,997	-	218,443	698,440	519,574	362,595	362,595	204,060
Net increase (decrease) in cash and cash equivalents	5,078,987	(20,828)	437,069	5,495,228	1,659,282	32,211	32,211	(978,083)

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



City of Walnut Creek
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024
(With comparative information from the prior year)

	Business-type Activities - Enterprise Funds			Total Enterprise Funds			Total Internal Service Funds	
	Golf Course City Administration	Boundary Oak Onsite Contract Operations	Downtown Parking and Enhancement	2024	2023	Governmental Activities Internal Service Funds	2024	2023
CASH AND INVESTMENTS:								
Beginning of the year	3,284,563	420,023	6,814,875	10,519,461	8,860,181	15,236,575	15,236,575	16,214,659
End of the year	<u>\$ 8,363,550</u>	<u>\$ 399,195</u>	<u>\$ 7,251,944</u>	<u>\$ 16,014,689</u>	<u>\$ 10,519,463</u>	<u>\$ 15,268,786</u>	<u>\$ 15,268,786</u>	<u>\$ 14,258,493</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES								
Operating (loss)	\$ (604,867)	\$ 1,063,802	\$ 177,542	\$ 636,477	\$ 934,404	\$ (2,918,614)	\$ (2,918,614)	\$ 2,312,287
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:								
Depreciation	166,687	36,454	576,199	779,340	751,733	1,058,584	1,058,584	992,166
Changes in assets and liabilities:								
Accounts receivable	-	24,092	(1,244)	22,848	(43,987)	-	-	-
Inventory / prepaid items	-	(41,392)	-	(41,392)	11,143	86,713	86,713	119,311
Accounts payable and accrued liabilities	(42,338)	33,980	(74,860)	(83,218)	230,512	(9,688)	(9,688)	(303,433)
Salaries and wages payable	423	-	90,103	90,526	(85,602)	(7,030)	(7,030)	42,487
Unearned revenue	-	-	-	-	(212,745)	-	-	-
Claims payable	-	-	-	-	-	2,719,865	2,719,865	(2,091,013)
Deposits payable	-	47,984	-	47,984	163,020	-	-	-
Net cash provided (used) by operating activities	<u>\$ (480,094)</u>	<u>\$ 1,164,920</u>	<u>\$ 767,740</u>	<u>\$ 1,452,565</u>	<u>\$ 1,748,478</u>	<u>\$ 929,830</u>	<u>\$ 929,830</u>	<u>\$ 1,071,805</u>
Noncash items:								
Capital Lease	\$ -	\$ -	\$ 350,962	\$ 350,962	\$ 350,962	\$ -	\$ -	\$ -

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



FIDUCIARY FUND FINANCIAL STATEMENTS

Fiduciary Fund Types:

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

Custodial Funds account for what was historically reported in Agency funds (i.e. assets held by the City as an agent for various individuals, governmental entities and non-public organizations) but has been adjusted and items reclassified as required by GASB 84. They are used to report fiduciary activities that are not required to be reported as another fiduciary fund type. The financial activities of these funds are excluded from the government-wide financial statements, but are presented in the separate fiduciary fund financial statements. These funds include the following:

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.



City of Walnut Creek
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2024

	Private-Purpose Trust Funds	Custodial Fund Assessment Districts Group I
ASSETS:		
Cash and cash equivalents (Note 2)	\$ 5,651,992	\$ 1,753,917
Receivables:		
Interest receivable	55,185	-
Total assets	5,707,177	1,753,917
NET POSITION:		
Restricted for:		
Held in trust	5,707,177	-
Bondholders	-	1,753,917
Total Net Position	\$ 5,707,177	\$ 1,753,917



City of Walnut Creek
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

	Private-Purpose Trust Funds	Custodial Fund Assessment Districts Group I
ADDITIONS:		
Investment earnings	\$ 251,302	\$ -
Other	-	-
Total additions	251,302	-
Change in net position	251,302	-
NET POSITION:		
Total net position - Beginning	5,455,875	1,753,917
Total net position - Ending	\$ 5,707,177	\$ 1,753,917

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NOTES TO BASIC FINANCIAL STATEMENTS

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City of Walnut Creek

Notes to Basic Financial Statements

For the year ended June 30, 2024

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

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

Blended Component Unit

Walnut Creek Public Facilities Financing Authority (Authority)

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

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

B. Basis of Presentation

Government-Wide Statements - The Statement of Net Position and the Statement of Activities display information about the primary government (City) and its blended component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Interfund transfers and amounts owed between funds within the primary government have been eliminated from the statements. Amounts representing interfund services and uses remain in the statements. These statements distinguish between governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

B. Basis of Presentation, Continued

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

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

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

C. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements - The government-wide, proprietary, and fiduciary financial statements are reported using the "*economic resources*" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liabilities are incurred, regardless of when the related cash flows take place. Custodial funds are custodial in nature (assets equal liabilities) and use the economic resources measurement focus.

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



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

C. Measurement Focus and Basis of Accounting, Continued

The City reports the following major governmental funds:

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

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

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

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

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

Proprietary Fund Financial Statements

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

A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements as they predominately benefit governmental rather than business-type functions.

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

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

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

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

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



City of Walnut Creek

Notes to Basic Financial Statements

For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

C. Measurement Focus and Basis of Accounting, Continued

The Downtown Parking and Enhancement Fund accounts for receipts from parking meters, garages, and fines to be used for funding parking structure improvements and for enhancement of the downtown area.

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

Internal Service Fund Financial Statements

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

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

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

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

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

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

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

The Workers' Compensation Liability Fund accounts for the City's retained self-insured risks of loss from, workers' compensation claims.

The Employee Improvement Program Liability Fund accounts for the costs related to the employee training and improvement program.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements for *Trust* type funds include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The City's Fiduciary funds represent custodial funds and private purpose trust funds. Custodial funds are custodial in nature (assets equal liabilities) and use the economic resources measurement focus. The City's custodial funds are included in these financial statements and are used to account for assets held by the City as custodian for individuals, governmental entities, and non-public organizations. These funds include the following:



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

C. Measurement Focus and Basis of Accounting, Continued

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

Fiduciary fund financial statements for the Successor Agency to the Redevelopment Agency Private-Purpose *Trust fund* type include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The private purpose trust funds are accounted for using the accrual basis of accounting.

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

D. Cash, Cash Equivalents, and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents. Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized costs. All other investments are stated at fair value.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF). Investments in LAIF are subject to credit risk, with the full faith and credit of the State of California collateralizing these investments.

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.

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

E. Restricted Cash and Investments

PFM Asset Management LLC, acting as trust administrator and Wells Fargo Bank, N. as Trustee, on behalf of the City of Walnut Creek, manage and invest, respectively, pension reserve funds in a Section 115 Irrevocable Pension Trust established by council resolution 18-05. The funds may be used to fund future pension contributions, and have been invested only as permitted by the investment policy statement established by the City of Walnut Creek Section 115 Trust Investment Committee in February 2019.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

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. *Pensions*

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

H. *Property Taxes*

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

I. *Long-Term Debt*

In the government-wide, proprietary funds, and fiduciary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. In the governmental fund financial statements, bond and capital lease proceeds are reported as other financing sources. Principal and interest is reported as an expenditure in the period in which the related payment is made.

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, 2024. The City has complied with all significant bond covenants relating to reserve and sinking fund requirements.

J. *Use of Estimates*

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



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

K. *Subscription-Based Information Technology Arrangements (SBITAs) Accounting*

A Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over shorter of the subscription term or the useful life of the underlying IT assets. The City recognizes SBITA liabilities with an initial, individual value of \$400,000 or more for all funds, based on the future SBITA payments remaining at the start of the contract.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments as follows:

- The City uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with liabilities on the statement of net position. Capital Asset sand subscription liabilities are reported with liabilities on the statement of net position



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

L. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available, except for the intangible right to use lease assets, the measurement of which is discussed in Note 10 below. Donated capital assets are valued at acquisition value on the date donated. City policy has set the capitalization threshold for reporting infrastructure capital assets at \$25,000 and for all other capital assets at \$5,000 and with useful lives exceeding one year.

All capital assets with limited useful lives and the right to use leased assets are depreciated over their estimated useful lives. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

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

The City has included all infrastructures in the 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.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions. See Note 13 for details.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from receivables that will not be collected within the City's period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows related to pensions. See Note 13 for more details.



City of Walnut Creek

Notes to Basic Financial Statements

For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

N. *Net Position and Fund Balance*

Net Position

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

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

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

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

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

Fund Balances

Fund balance of governmental funds is reported in various categories based on the nature of any limitations or constraints requiring the use of resources for specific purposes. Fund balance classifications consist of Nonspendable, Restricted, Committed, Assigned, and Unassigned amounts as described below:

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

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

Committed – Committed fund balances encompass the portion of net fund resources that includes amounts that can only be used for specific purposes pursuant to constraints imposed by Resolution 11-30, adopted on June 7, 2011 by the City Council, as amended by Resolution 12-36 on June 9, 2012, and remain binding unless removed by a subsequent formal action through City Council Resolution or Ordinance, which are equally binding. The City Council is also the highest level of decision making authority for all of its component units. Commitments may be changed or removed only by the same formal action (City Resolution or City Ordinance) taken by the City Council to impose the constraint.

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



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

N. *Net Position and Fund Balance (continued)*

Unassigned – This category is for all balances that have no restrictions, commitments or assignments placed upon them. Only the general fund can have a positive unassigned fund balance. Other funds will report an unassigned deficit fund balance.

For governmental funds, the order in which resources will be expended is as follows: Restricted Fund Balance, followed by Committed Fund Balance, Assigned Fund Balance, and lastly Unassigned Fund Balance.

O. *One-Time Funds*

The City Council amended the policy and procedure No. 302 in July of 2017, via Resolution No. 18-23 in order to establish a formal process by which onetime revenues and General Fund budget surpluses are to be allocated and used for one-time needs. As part of the six-month and eighteen-month budget updates (and at additional intervals as determined by the City Manager), Finance Division staff report any One-Time Revenues to the City Council. At that time, the City Council may authorize specific allocations of One-Time Revenues for purposes of funding One-Time Expenses. Depending upon the source and nature of these funds, they may be committed or assigned to specific purposes, or unassigned and available to further City and community goals. The balance of unassigned funds allocated for one time uses but not expended as of June 30, 2024 is \$4.6 million.

P. *Inventory and Prepaid Items*

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

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased.

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

Q. *Prior Year Summarized Comparative Information*

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2023, from which the summarized information was derived.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

R. *Upcoming Pronouncements*

GASB Statement No. 101 - In June 2022, the GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 102 - In December 2023, the GASB issued Statement No.102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 103 - In April 2024, the GASB issued Statement No.103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 104 - In September 2024, the GASB issued Statement No.104, Disclosure of Certain Capital Assets. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.



City of Walnut Creek

Notes to Basic Financial Statements

For the year ended June 30, 2024

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, 2024, the carrying amount of the City's deposits was \$5,933,027. Bank balances before reconciling items were \$7,783,715 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

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

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

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

B. *Investments*

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



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

B. *Investments, continued*

Investment Type	Maximum Maturity*	Maximum %/ \$ of Portfolio*	Maximum Investment in One Issuer*
U.S. Treasury and Federal Agency Securities	5 years	None	None
Local Agency Debt	5 years	5% or \$5 million	\$2 million
Non Negotiable Certificates of Deposit	5 years	20%	\$2 million
Negotiable Certificates of Deposit	5 years	30%	\$2 million
Bankers Acceptances	180 days	40%	\$2 million
Commercial Paper (Corporations)	270 days	15%	\$2 million
Medium-Term Corporate Notes	5 Years	30%	\$5 million
California Local Agency Investment Fund (LAIF)	N/A	\$120 million	\$75 million per account
California Asset Management Program (CAMP)	N/A	None	None
Money Market Mutual Funds	N/A	20%	10%

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

This table does not address investments of debt proceeds held by a fiscal agent and the Section 115 Trust. The provisions of debt agreements of the City, and the Trust agreement respectively govern these types of investments.

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

The City's investments are stated at fair value or amortized cost. Portfolio value changes are unrealized unless sold. The City's policy is to buy and hold investments until their maturity dates.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

C. Summary of Cash and Investments

The following is a summary of cash and investments at June 30, 2024:

	Governmental Activities	Business- Type Activities	Total	Fiduciary Fund Financial Statements	Total
Cash and Investments	\$ 150,613,853	\$ 16,014,689	\$ 166,628,542	\$ 7,405,909	\$ 174,034,451
Restricted cash and investments	27,287,754	-	27,287,754	-	27,287,754
Total cash and investments	<u>\$ 177,901,607</u>	<u>\$ 16,014,689</u>	<u>\$ 193,916,296</u>	<u>\$ 7,405,909</u>	<u>\$ 201,322,205</u>

Deposits and investments were categorized as follows at June 30, 2024:

City Treasury Deposits:	Credit Rating	Amount
Deposits	Not Rated	\$ 8,687,762
Petty Cash	Not Rated	15,977
Total City Treasury Deposits		<u>8,703,739</u>

City Treasury investments:

Securities of U.S. Government Agencies:

Federal Home Loan Bank (FHLB)	AA+	32,342,040
Federal Farm Credit Bank (FFCB)	AA+	18,451,097
Federal National Mortgage Assn (FNMA)	AA+	10,465,780
Federal Home Loan Mortgage Corp (FHLMC)	AA+	6,204,830
FREDDIE MAC	AA+	4,981,720
Federal Agricultural Mortgage Corp (FAMC)	Not Rated	995,080
Certificate of Deposits	Not Rated	5,606,042
Medium Term Corporate Notes	A/ A+/ AA-/ AA	36,486,924
California General Obligation Bonds	Not Rated	995,400
U.S. Treasury Money Market	AAA	17,246,427
Local Agency Investment Funds	Not Rated	29,578,112
U.S. Treasuries	Not Rated	1,977,260

Total City Treasury Investments		<u>165,330,712</u>
Total Cash and Investments		<u>\$ 174,034,451</u>

Section 115 Pension Trust Fund

Not Rated

Mutual Fund - Equity	13,730,731
Mutual Fund - Bond	13,488,826
Money Market Mutual Fund	68,197

Total Restricted Investments with Fiscal Agent	<u>\$ 27,287,754</u>
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City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

D. Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of inputs that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment.

Deposits and withdrawals in governmental investment pools, such as LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2024. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

D. *Fair Value of Investments, continued*

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy.

For investments classified within Level 2 of the fair value hierarchy, the City's custodians generally use asset market prices derived from closing bids prices as of the last business day of the month as supplied by Interactive Data, broker/dealer quotes and matrix pricing. The City does not have any investments that are measured using Level 3 inputs.

As of June 30, 2024, the City has the following recurring fair value measurements:

	Balance at June 30, 2024	Fair Value Measurements on a Recurring Basis Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Investments by Fair Value Level				
Medium Term Corporate Notes	\$ 36,486,924	\$ -	\$ 36,486,924	\$ -
Securities of U.S. Government Agencies:				
Federal Home Loan Bank (FHLB)	32,342,040	-	32,342,040	-
Federal Farm Credit Bank (FFCB)	18,451,097	-	18,451,097	-
Federal National Mortgage Assn (FNMA)	10,465,780	-	10,465,780	-
Federal Home Loan Mortgage Corp (FHLMC)	6,204,830	-	6,204,830	-
FREDDIE MAC	4,981,720	-	4,981,720	-
Federal Agricultural Mortgage Corp (FAMC)	995,080	-	995,080	-
Certificate of Deposits	5,606,042	-	5,606,042	-
California General Obligation Bonds	995,400	-	995,400	-
U.S. Treasuries	1,977,260	-	1,977,260	-
U.S. Treasury Money Market	17,246,427	17,246,427	-	-
	<u>\$ 135,752,600</u>	<u>\$ 17,246,427</u>	<u>\$ 118,506,173</u>	<u>\$ -</u>

Value or Subject to Fair Value Hierarchy

Local Agency Investment Funds	\$ 29,578,112
Total Investments Not Measured at Fair Value	<u>29,578,112</u>
Total City's Pooled Investments	<u>165,330,712</u>
Investments Held with Fiscal Agent	
Exchange-Traded Fund - Equity	13,730,731
Exchange-Traded Fund - Bond	13,488,826
Mutual Funds	68,197
Investments Held with Fiscal Agent	<u>27,287,754</u>
Total Investments	<u>\$ 192,618,466</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

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, 2024, 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	\$ 29,578,112	\$ 29,578,112	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Money Market	17,246,427	17,246,427	-	-	-	-
Medium Term Corporate Notes	36,486,924	9,767,490	19,250,231	5,453,203	-	2,016,000
Securities of U.S. Government Agencies:						
Federal Home Loan Bank (FHLB)	32,342,040	17,453,703	9,546,647	3,341,410	-	2,000,280
Federal Farm Credit Bank (FFCB)	18,451,097	6,286,707	11,165,960	998,430	-	-
Federal National Mortgage Assn (FNMA)	10,465,780	-	10,465,780	-	-	-
Federal Home Loan Mortgage Corp (FHLMC)	6,204,830	991,330	5,213,500	-	-	-
FREDDIE MAC	4,981,720	3,987,980	-	993,740	-	-
Federal Agricultural Mortgage Corp (FAMC)	995,080	-	995,080	-	-	-
Certificate of Deposits	5,606,042	2,456,042	2,194,515	955,485	-	-
California General Obligation Bonds	995,400	-	-	-	-	995,400
U.S. Treasuries	1,977,260	1,977,260	-	-	-	-
Total	\$165,330,712	\$ 89,745,051	\$ 58,831,713	\$ 11,742,268	\$ -	\$ 5,011,680
Restricted Investments:						
Mutual Fund - Equity	\$ 13,730,731	\$ 13,730,731	\$ -	\$ -	\$ -	\$ -
Mutual Fund - Bond	13,488,826	13,488,826	-	-	-	-
Mutual Funds	68,197	68,197	-	-	-	-
Total	\$ 27,287,754	\$ 27,287,754	\$ -	\$ -	\$ -	\$ -

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 (UBOC). UBOC is a registered member of the Federal Reserve Bank. The City's investment policy is that no more than \$2 million can be invested for commercial paper and negotiable certificates of deposit and \$5 million for medium term corporate notes (in any one institution). The City's custodial agreement policy prohibits counterparties holding securities not in the City's name.

For treasury deposits, custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposits are held in the name of the City at the City's third party custodian. Therefore, the City is not exposed to custodial credit risk.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

E. *Risk Disclosures, continued*

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

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Accordingly, the notes to the financial statements should disclose if the government has 5 percent or more of its total investments in a single issuer. More than 5 percent of the City's investments are in the investments listed below.

Investment Issuer	Amount
Federal Home Loan Bank (FHLB)	\$ 32,342,040
Federal Farm Credit Bank (FFCB)	18,451,097
Federal National Mortgage Association (FNMA)	10,465,780

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, 2024, 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.

As of June 30, 2024, the City had \$29,578,112 invested in LAIF. The City valued its investments in LAIF as of June 30, 2024 at fair value, 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 0.996316042.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

G. *Investments Authorized by Debt Agreements*

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual funds	None	None	None
Investment Contracts	None	None	None
California Local Agency Investment Fund	None	None	None



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

3. NOTES AND LOANS RECEIVABLE

Summary of Notes and Loans Receivable

At June 30, 2024, the City's notes and loans receivable and related unavailable revenue consisted of the following:

	Housing Successor Agency	Housing	CDBG	Non-Major Governmental Funds	Total Notes and Loan Receivables
Home Rehabilitation Loans	\$ 396,970	\$ -	\$ 225,614	\$ 76,322	\$ 698,906
First-Time Homebuyers	459,032	647,550	78,467	550,000	1,735,049
The Oaks Apartments	477,035	-	-	-	477,035
Sierra Gardens Apartments	49,503	-	402,000	-	451,503
Casa Bonita	1,180,732	-	79,771	-	1,260,503
Acalanes Court Apartments	-	130,000	-	-	130,000
Casa Montego II, Incorporated	500,000	1,105,156	-	-	1,605,156
Casa Montego LP	-	2,300,000	-	-	2,300,000
Ivy Hill Apartments	551,392	1,073,608	-	-	1,625,000
Villa Vasconcellos Apartments	615,051	1,027,161	465,599	-	2,107,811
Third Avenue Apartments	1,382,404	1,582,596	1,128,500	-	4,093,500
Pleasant Creek Homes	370,000	-	-	-	370,000
Riviera Family Apartments	-	6,066,114	325,000	-	6,391,114
Las Juntas Way	326,275	4,770,916	-	-	5,097,191
St. Paul Commons	273,000	5,500,000	-	-	5,773,000
699 Ygnacio Valley Road	-	6,000,000	-	-	6,000,000
Equity Loans to City Employees	-	106,289	-	-	106,289
	<u>\$ 6,581,394</u>	<u>\$ 30,309,390</u>	<u>\$ 2,704,951</u>	<u>\$ 626,322</u>	<u>\$ 40,222,057</u>

The City engages in programs to encourage construction of and improvement in low-to-moderate income housing or other projects. Under these programs, grants or revolving loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. Since the City does not expect to collect these revolving loans within the City's period of availability, they have been offset by entries to unavailable revenues in the fund financial statements.

Home Rehabilitation Loans

The City administers a housing rehabilitation loan program using Community Development Block Grant funds, Housing Successor funds and City funds. Under these Programs, individuals with incomes below a certain level are eligible to receive low interest 20 year loans, secured by deeds of trust, for construction work on their homes. The loan repayments may be amortized over the life of the loans, deferred or a combination of both. At June 30, 2024, these loans totaled \$698,906 and the program included 14 participants.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

3. NOTES AND LOANS RECEIVABLE, *Continued*

First-Time Homebuyer Loans

The First-Time Homebuyer Program, using Community Development Block Grant funds, Housing Successor Agency funds and City funds, was established during 1995 to provide financing for applicants with moderate income or less who are unable to qualify for a home purchase without down payment assistance. Under this program, individuals with income below a certain level are eligible to receive deferred loans which are secured by second deeds of trust, bear interest (in the form of equity earnings from the appreciation of the property equal to the percentage of the purchase price) and are due and payable at the time the homes are sold, refinanced or transferred. At June 30, 2024, First-Time Homebuyer Loans totaling \$1,735,049 had been extended and the program included 37 participants.

The Oaks Apartments

At June 30, 2024, the Housing Successor Agency held a note receivable from Ecumenical Association for Housing in the amount of \$477,035. The original note in the amount of \$368,000 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. The note accrued interest at a rate of 5% beginning July 14, 2002; repayment of interest and principal commenced on December 31, 2001, provided that the project generates surplus cash. In December 2015, a loan modification agreement was entered into whereby the City agreed to modify the terms of the Original City Loan to provide that (i) the interest on the Note shall accrue at the applicable federal rate (as published in the Federal Register for the month close of escrow date occurs) for long-term debt compounded annually, (ii) the maturity date shall be extended to fifty five (55) years from the date of the close of escrow; (iii) interest accrued to the date of close of escrow shall be included in the principal balance so that the principal amount of the loan shall be \$614,862 which is equal to amount of the original city loan plus interest in the amount of \$246,862 and (iv) modify the definition and allocation of surplus cash (as defined in the Note). The project did generate surplus cash for FY2024.

Sierra Gardens Apartments

At June 30, 2024, the City held two note receivables from the Sierra Affordable Housing Association totaling \$451,503. The first promissory note in the amount of \$327,000 (of which the Housing Successor Agency held a similar note in the amount of \$49,503 for a combined amount of \$376,503) was entered into on December 8, 1995 (amended and restated in their entirety on July 11, 2013) to facilitate the renovation of a 28-unit apartment complex called Sierra Gardens Apartments. As a condition of the notes, 14 units were encumbered with 55-year covenants that require the units to be rented to individuals with low and moderate incomes. The outstanding principal balance of the loan bears interest at a simple rate of 3% per annum. Repayments are to be made annually, by December 1st, of the outstanding principal and accrued interest on the loan, equal to 10% of the Lenders' Share of Residual Receipts for the prior year.

Any remaining unpaid principal and interest is due in full November 30, 2050. The project did not generate surplus cash as for FY2024. The City held a second note receivable in the amount of \$75,000 with Satellite Affordable Housing Associates for roof improvements at Sierra Garden Apartments. The note was originally entered into on July 11, 2013. However the loan was not made until March 27, 2015. The outstanding principal balance of the Loan bears interest at a simple rate of 3% per annum. On November 30, 2050, (the "Maturity Date"), the principal balance remaining unpaid, plus accrued interest, shall be paid in full.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

3. NOTES AND LOANS RECEIVABLE, *Continued*

Acalanes Court Apartments

At June 30, 2024, the City held a note receivable from Trinity Avenue Apts., L.P. with an outstanding loan balance of \$79,771 and the Housing Successor Agency held a similar note receivable with an outstanding loan amount of \$1,180,732 for a combined amount of \$1,260,503. The City entered into a loan agreement with Satellite Housing for \$80,000 on March 17, 2003 to perform predevelopment work for a family rental housing project (the "Project Site") located at the northeasterly corner Trinity and Oakland Boulevard. Subsequently, a promissory note similar to that of the Housing Successor Agency was executed to replace the agreement. The Housing Successor Agency promissory note was entered into on February 20, 2004 for \$1,112,080 (amended and restated for an additional \$150,000 on February 17, 2005) for a total of \$1,262,080 to facilitate the building of a 17-unit rental apartment complex, at the Project Site, of which eight units are required by the Housing Successor Agency to be provided for income eligible households, whose gross household income does not exceed 60% of the area median income and of which the remaining nine units are required by the County to be affordable to between 30% and 60% of the area median income. The note accrues interest at a rate of 3% per annum from the date of advance(s) until paid in full. Principal and accrued interest are to be paid annually commencing on May 1 following close of permanent financing of the project improvements equal to lenders' share of residual receipts. Any remaining unpaid principal and interest are due in full 55 years from issuance of a certificate of occupancy. A certificate of occupancy was issued on October 3, 2006.

Acalanes Court Apartments (#2)

At June 30, 2024, the City held a note receivable from Trinity Avenue Apt., L.P. in the amount of \$130,000. The City note entered into on June 5, 2007 is a loan from the City's inclusionary housing in-lieu fund to cover a portion of additional costs that occurred during the construction of Acalanes Court, a 17-unit family rental-housing complex that was completed in November 2006. Simple interest at 3% per annum is to be accrued on the unpaid principal balance beginning from the date of the advance. Principal is due on May 1st following the date of this Note, and on May 1st of each year thereafter for the term of the City Loan. Borrower shall make repayments of the outstanding principal and accrued interest under this Note equal to the Lenders' share of Residual Receipts. To the extent that the lender's share of residual receipts is insufficient to make any payments under this Note, such payment(s) shall be deferred. Principal sum and all other sums shall be due and payable in full 55 years from issuance of the certificate of occupancy for this Project. The certificate of occupancy was issued on October 3, 2006.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

3. NOTES AND LOANS RECEIVABLE, *Continued*

Casa Montego II, Incorporated

At June 30, 2024, the Housing Successor Agency and the City each held a note receivable from Casa Montego II, Inc., a California public benefit corporation, with outstanding balances in the amounts of \$500,000 and \$1,105,156, for a combined total of \$1,605,156. The promissory notes were entered into on November 15, 2007 for the acquisition of real property located at 180 La Casa Via in Walnut Creek, California and the development of approximately 33 units of multifamily rental housing on that property pursuant to the Agreement. No interest shall accrue on the unpaid principal balance, except in the event of default, in which case interest shall accrue on the date of the default and continuing until such time as the Loan is repaid in full or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law. Except as provided herein, the principal sums not to exceed \$500,000 and \$1,153,000 and all other sums hereunder shall be due and payable in full 55 years from the completion of construction of the project, as evidenced by a certificate of occupancy or similar document. Commencing on May 1 of 2010 and on May 1 of each year thereafter for the term of the loan, borrower shall make repayments of the outstanding principal on the loan equal to the Agency's proportionate share of the lenders' share of residual receipts, as further described in the Intercreditor Agreement. The project did not generate residual receipts for FY2024.

Casa Montego LP

At June 30, 2024, the City held a note receivable from Casa Montego LP, a California limited partnership. The original principal amount of and current balance on the note is \$2,300,000. The promissory note was entered into on September 9, 2016 and is secured by a leasehold deed of trust on City owned land located at 1485 Montego Drive, Walnut Creek, California. The note evidences a City loan to Casa Montego LP to facilitate the continued use of the land and improvements for low and moderate income senior and/or disabled housing. Concurrent with the loan, the City has entered into a ground lease with Casa Montego LP for ninety- nine (99) years. The loan will be repaid from ground lease rent with annual payments equal to 27% of residual receipts (the excess of annual operating revenues over annual operating expenses for the project). Simple interest will accrue on the principal amount of the loan at the rate of 3% per year. The entire principal amount of the loan, together with all accrued interest, will be due and payable in full at the expiration of the 55 year loan term.

Ivy Hill Apartments/Regent on the Park Condominiums

At June 30, 2024, the City held a note receivable from Walnut Creek Housing Partners, Alma Investors and New Cities Land Company (the developer) in the amount of \$1,073,608 and the Housing Successor Agency held a similar note in the amount of \$551,392 for a combined amount of \$1,625,000. In August 2000, a long- term loan was granted to finance a portion of the cost of developing the Ivy Hill Apartment Project, including land acquisition costs. The loan is due in 55 years on February 1, 2055, and it accrues interest at the rate of 5%. No principal or interest payments are due until the maturity date. The loan, and all accrued interest, will be forgiven on the maturity date if the Ivy Hill Apartment Project was operated in compliance with the regulatory agreement throughout the term of the loan. The loan is secured by a deed of trust against the apartment site, subordinate to the senior construction and permanent loans entered into by the developer. As a condition of the loans, 47 units were encumbered with 55 year covenants which require the units to be rented to individual with very low incomes, and shall be rented at a rate specified in the agreement.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

3. NOTES AND LOANS RECEIVABLE, *Continued*

Villa Vasconcellos Apartments

At June 30, 2024, the City held a note receivable from Resources for Community Development with an outstanding balance of \$2,107,811 (consisting of \$465,599 Community Block Grant Funds and \$1,027,161 in City inclusionary housing in-lieu fees, and \$615,051 in Housing Successor Agency Funds). The Housing Successor Agency held a similar note with an outstanding balance of \$1. The promissory notes were originally entered into on October 7, 2004 for \$680,000 and \$720,000, respectively, to facilitate the building of a 72-unit rental apartment complex to provide housing for very low-income households. The City promissory note was amended and restated for an additional \$1,122,265 on November 10, 2005. Both notes state that no interest is to be accrued on the unpaid principal balance, except in the event of a default, in which case interest shall begin to accrue on the date of the default and continue until such time as the Loan is repaid in full, or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually or the highest rate permitted by law. Principal is due on May 1 following completion of the construction equal to the City and Housing Successor Agency proportionate share of the lenders' share of residual receipts. Principal sum and all other sums shall be due and payable in full 55 years from completion of the project as evidence by a certificate of occupancy, which was issued April 1, 2008. The project did generate surplus cash for fiscal year 2021 in the amount of \$48,595 which was applied toward the outstanding principal loan balance. At June 30, 2024, these loans totaled \$2,107,811.

Third Avenue Apartments

At June 30, 2024, the City held a note receivable from Satellite Housing, Inc. with an outstanding balance of \$4,093,500 (\$1,582,596 in City Inclusionary housing in-lieu fees, \$1,382,404 in Housing Successor Agency funds, and \$1,128,500 in Community Development Block Grants). The promissory note was entered into on March 17, 2009 for \$2,427,500 to facilitate the acquisition of additional real property located at Third Avenue and the building of a 48-unit rental apartment complex. At June 30, 2014, the Housing Successor Agency held a note receivable with an outstanding balance of \$1 from Satellite Housing, Inc. The promissory note was entered into on January 6, 2009 for \$793,500 (amended and restated for an additional loan of \$372,500 on March 17, 2009 and amended for a second additional loan of \$216,400 on March 1, 2011) to facilitate the acquisition of real property located at Third Avenue and the building of the same 48-unit rental apartment complex. The notes accrue interest at a rate of 3% per annum from the date of advance(s) until paid in full. Principal and accrued interest are to be paid annually commencing on May 1 following completion of the construction of the Development. Any remaining unpaid principal and interest are due in full 55 years from issuance of a certificate of occupancy. As of June 30, 2024, loans outstanding totaled \$4,093,500.

Pleasant Creek Homes

At June 30, 2024, the Housing Successor Agency held a note receivable from Habitat for Humanity East Bay, a California nonprofit public benefit corporation ("Borrower"), with an outstanding balance of \$370,000. The promissory note was entered into March 16, 2011 for \$370,000 to facilitate the acquisition of certain real property located on Barkley Avenue in Walnut Creek and the development of approximately ten affordable homes on that property and other property controlled by the Borrower. The principal sum shall be due and payable on the earliest of (A) five years from the date of the Note, (B) the date the last affordable home in the project is sold or refinanced, or (C) an event of default by borrower that has not been cured as provided in the Loan Agreement. No interest shall accrue on the unpaid principal balance, except in the event of a default, in which case interest on the Loan shall begin to accrue on the date of the default and continuing until such time as the Loan is repaid in full or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually or the highest rate permitted by law.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

3. NOTES AND LOANS RECEIVABLE, *Continued*

Riviera Family Apartments

At June 30, 2024, the City held a note receivable from Riviera Family Apartments, L.P. in partnership with Resources for Community Development, with an outstanding balance of \$6,391,114 (consisting of \$325,000 Community Development Block Grant Funds and \$6,066,114, in City inclusionary housing in-lieu fees). The original promissory note was entered into on February 25, 2014 for \$1,700,000, (first amended and restated on September 29, 2014 to \$5,000,00, subsequently amended and restated on September 16, 2016 to \$6,000,000; a third amendment and restatement followed on December 12, 2018 to \$6,391,114), to facilitate the acquisition of real property located at 1511-1515 Riviera Avenue and 1738 Riviera Avenue in Walnut Creek, California and the predevelopment of approximately 58-units of multifamily rental housing on that property and other properties to be acquired by the borrower pursuant to the agreement. Interest shall accrue on the unpaid principal balance at a rate of 3% per annum. Principal and accrued interest are to be paid annually, equal to (1) the city loan pro-rata percentage of the lenders' share of residual receipts, and (2) subject to Subsection (c) the City additional pro-rata share multiplied by borrowers shared portion of residual receipts. Repayments commenced on June 30, 2019 and on June 30th of each year thereafter for the term of the loan which expires upon earlier of (a) the fifty-fifth anniversary of the completion date or (b) the fifty-seventh anniversary of the date of this Note.

Las Juntas Way

At June 30, 2024, the City held a note receivable from Habitat for Humanity East Bay/Silicon Valley, Inc. with an outstanding balance of \$4,770,916 and the Housing Successor Agency held a similar receivable for \$326,275 to facilitate the acquisition of real property located on Las Juntas Way in Walnut Creek, California, and the development of approximately 52 condominium or townhouse homes and related improvements on that property pursuant to the agreement. Issued in December 2016 (amended and restated to \$5,150,000 on December 18, 2018), the note 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. The principal amount is due and payable on the earliest of (a) seven (7) years from the date of the note, (b) the date the last affordable home in the project is sold or refinanced, or (c) an event of default by the borrower that has not been cured as provided for in the loan agreement.

699 Ygnacio Valley Road

At June 30, 2024, the City held a note receivable from Resources for Community Development (RCD) with an outstanding balance of \$6,000,000 for the purposes of funding the development at 699 Ygnacio Valley Road in Walnut Creek, California, in addition to AHSC grant funds of \$19.0 million. The mixed use development will build 96 units of 100% affordable housing. The term that commences on the date of the initial disbursement of the City loan, and expires upon the earlier of (a) the fifty-fifth (55th) anniversary of the completion of construction of the development, as evidenced by a certificate of occupancy or similar document (the "Completion Date"), or (b) December 31, 2081. Commencing on July 1st following completion of the construction of the Development, and on July 1st of each year thereafter for the term of the loan, borrower shall make repayments of the outstanding principal equal to the City's pro rata share of the Lenders' Share of Residual Receipts, as determined in accordance with Section 2.7(f)(iii) of the note. The entire principal balance of the City Loan shall be due upon the earliest of: (i) transfer of the property and/or the development other than a transfer permitted or approved by the City as provided in Section 4.13; (ii) the occurrence of an event of default; or (iii) the expiration of the term.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

3. NOTES AND LOANS RECEIVABLE, *Continued*

St. Paul Commons

At June 30, 2024, the City held a note receivable from Resources for Community Development with an outstanding balance of \$5,773,000 for predevelopment costs related to the potential development of real property located at 1860-1924 Trinity Avenue in Walnut Creek, California. The term of the note commenced March 20, 2018 and expires on November 23, 2075. This Note was made pursuant to a City Predevelopment Loan Agreement by and between the Original Borrower and Lender dated as of February 17, 2017, which was Amended (by a Third Amendment) and restated in its' entirety as a City Loan Agreement as of the commencement date here foretold. The note bears interest at a simple rate of 3% per annum. In the event of a Default, interest on the city loan 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.

4. UNEARNED REVENUE

Unearned revenues represent amounts for which revenues have not been earned. At June 30, 2024, unearned revenues were as follows:

	Governmental Activities / Government funds	Business-type Activities / Enterprise Funds
Permits and inspection fees	\$ 2,186,615	\$ -
Business licenses	612,204	-
Prepaid rental revenue	1,161,730	257,549
Grants	4,190,865	-
Total	\$ 8,151,414	\$ 257,549



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

5. INTERFUND TRANSACTIONS

Fund Financial Statements

Due From

At June 30, 2024, the City had the following short-term receivables and payables:

Due From	Due To	Amount
Major Funds:		
CDBG	General Fund	\$ 81,959
Capital Investment Program	General Fund	1,556,541
		<u>1,638,500</u>
Non-Major Governmental Funds		
Traffic Safety/Police Grants	General Fund	210,699
Total		<u><u>\$ 1,849,199</u></u>

The purpose of the short-term borrowings was to assist in paying expenditures for operating grants and various capital improvement projects for which reimbursements from outside sources are to be received in the following year.

Interfund loan between the General Fund and the Golf Course Enterprise Fund

During fiscal year 2023-24, the General Fund entered into an internal loan agreement with the Golf Course Enterprise Fund to finance the Boundary Oak Driving Range Improvement Project. The loan amount was \$4,721,000 with an interest rate of 2.75% per annum and annual payments of \$384,453 over a fifteen year period beginning in fiscal year 2025-26. The annual repayment schedule for the loan and related costs outstanding at June 30, 2024, were as follows:

Year Ending June 30,	Principal	Interest	Total	Year Ending June 30,	Principal	Interest	Total
2025	\$ 257,859	\$ 126,594	\$ 384,453	2034	\$ 330,178	\$ 54,275	\$ 384,453
2026	265,040	119,412	384,452	2035	339,373	45,080	384,453
2027	272,422	112,031	384,453	2036	348,824	35,629	384,453
2028	280,008	104,444	384,452	2037	358,539	25,914	384,453
2029	287,806	96,646	384,452	2038	368,524	15,929	384,453
2030	295,822	88,631	384,453	2039	378,787	5,666	384,453
2031	304,060	80,393	384,453	Total	4,721,002	1,045,790	5,766,792
2032	312,528	71,925	384,453				
2033	321,232	63,221	384,453				



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

5. INTERFUND TRANSACTIONS, *Continued*

Fund Financial Statements

Transfers

Transfers for the period ended June 30, 2024, were as follows:

Fund Receiving Transfers	Fund Making Transfer	Amount Transferred	Notes
Major Governmental Funds			
General Fund	Non Major Governmental Funds	\$ 749,823	b
	Downtown Parking and Enhancement Fund	103,750	d
		<u>853,573</u>	
Capital Investment Program	General Funds	5,169,353	a
	Non Major Governmental Funds	6,681,289	a
	Downtown Parking and Enhancement Fund	435,686	a
	Golf Course-City Administration	403,948	a
	Internal Service Funds	75,410	a
		<u>12,765,686</u>	
Non Major Governmental Funds			
Non Major Governmental Funds	General Fund	365,394	c
	Internal Service Funds	680,269	d
	Capital Investment Program	595	a
		<u>1,046,258</u>	
Enterprise Funds			
Golf Course-City Administration	Boundary Oak-Onsite Contract Operations	1,152,008	d
Total		<u><u>\$ 15,817,525</u></u>	

- a. To fund various capital improvement projects.
- b. To fund traffic safety and public safety programs, streets, library and urban forestry.
- c. To fund affordable housing, open space, public art and recreation programs.
- d. Administrative transfers.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

6. CAPITAL ASSETS

Government-Wide Financial Statements

At June 30, 2024, the City's capital assets consisted of the following:

	Governmental Activities	Business-type Activities	Total
Non-depreciable assets:			
Land	\$ 45,553,424	\$ 1,337,396	\$ 46,890,820
Construction in process	25,742,670	828,860	26,571,530
Total non-depreciable assets	\$ 71,296,094	\$ 2,166,256	\$ 73,462,350
Depreciable assets:			
Buildings	\$ 140,705,797	\$ 22,763,852	\$ 163,469,649
Improvements other than buildings	-	2,700,624	2,700,624
Machinery and equipment	13,152,364	3,576,410	16,728,774
Vehicles	12,211,324	445,037	12,656,361
SBITA	5,666,845	-	5,666,845
Infrastructure	224,682,916	-	224,682,916
Total depreciable assets	\$ 396,419,246	\$ 29,485,923	\$ 425,905,169
Less accumulated depreciation	(254,330,464)	(17,667,868)	(271,998,332)
Total depreciable assets, net	\$ 142,088,782	\$ 11,818,055	\$ 153,906,837
Total capital assets	\$ 213,384,876	\$ 13,984,311	\$ 227,369,187



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

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, 2024:

	Balance June 30, 2023	Adjustments	Additions	Deletions	Transfers	Balance June 30, 2024
Nondepreciable Assets:						
Land	\$ 45,553,424	\$ -	\$ -	\$ -	\$ -	\$ 45,553,424
Construction in progress	19,491,468	(100,179)	7,268,604	-	(917,223)	25,742,670
Total nondepreciable assets	65,044,892	(100,179)	7,268,604	-	(917,223)	71,296,094
Depreciable Assets:						
Buildings	140,357,484	-	-	-	348,313	140,705,797
Machinery and equipment	11,861,346	(151,726)	889,359	-	553,385	13,152,364
Vehicles	12,155,826	-	435,610	(380,112)	-	12,211,324
Infrastructure	224,297,630	(2)	369,763	-	15,525	224,682,916
SBITA	4,973,222	-	693,353	-	-	5,666,845
Total depreciable assets	393,645,508	(151,458)	2,388,085	(380,112)	917,223	396,419,246
Accumulated Depreciation:						
Buildings	(61,615,670)	(4,700)	(3,423,125)	-	-	(65,043,495)
Machinery and equipment	(8,653,764)	4,701	(885,415)	-	-	(9,534,478)
Vehicles	(8,448,539)	(1)	(821,435)	380,112	-	(8,889,863)
Infrastructure	(165,203,943)	(2)	(4,079,594)	-	-	(169,283,539)
SBITA	(754,971)	229	(824,347)	-	-	(1,579,089)
Total accumulated depreciation	(244,676,887)	227	(10,033,916)	380,112	-	(254,330,464)
Depreciable assets, net	148,968,620	(151,231)	(7,645,831)	-	917,223	142,088,781
Total governmental activities capital assets, net	\$ 214,013,512	\$ (251,410)	\$ (377,227)	\$ -	\$ -	\$ 213,384,876

Governmental activities depreciation expense for capital assets for the year ended June 30, 2024, is as follows:

Public protection	\$ 638,068
Public works	8,930,850
Community and economic development	23,446
Arts and Recreation	130,646
Administrative services	203,878
General government	107,028
Total depreciation expense	\$ 10,033,916



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

6. CAPITAL ASSETS, *Continued*

Government-Wide Financial Statements, Continued

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

	Balance July 1, 2023	Adjustment	Additions	Deletions	Transfers	Balance June 30, 2024
Nondepreciable Assets:						
Land	\$ 1,337,396	\$ -	\$ -	\$ -	\$ -	\$ 1,337,396
Construction in progress	1,622,622	(15,525)	420,314	-	(1,198,551)	828,860
Total nondepreciable assets	<u>2,960,018</u>	<u>(15,525)</u>	<u>420,314</u>	<u>-</u>	<u>(1,198,551)</u>	<u>2,166,256</u>
Depreciable Assets:						
Buildings	21,565,301	-	-	-	1,198,551	22,763,852
Improvements	2,700,624	-	-	-	-	2,700,624
Equipment	3,266,858	-	309,552	-	-	3,576,410
Vehicles	544,236	-	-	(99,199)	-	445,037
Total depreciable assets	<u>28,077,019</u>	<u>-</u>	<u>309,552</u>	<u>(99,199)</u>	<u>1,198,551</u>	<u>29,485,923</u>
Accumulated Depreciation:						
Buildings	(11,401,596)	-	(455,033)	-	-	(11,856,629)
Improvements	(2,599,649)	-	(88,681)	-	-	(2,688,330)
Equipment	(2,498,200)	-	(213,995)	-	-	(2,712,195)
Vehicles	(488,281)	-	(21,632)	99,199	-	(410,714)
Total accumulated depreciation	<u>(16,987,727)</u>	<u>-</u>	<u>(779,341)</u>	<u>99,199</u>	<u>-</u>	<u>(17,667,868)</u>
Depreciable assets, net	<u>11,089,292</u>	<u>-</u>	<u>(469,789)</u>	<u>-</u>	<u>1,198,551</u>	<u>11,818,054</u>
Total business-type activities capital assets, net	<u>\$ 14,049,311</u>	<u>\$ (15,525)</u>	<u>\$ (49,475)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,984,311</u>

Depreciation expense for business-type activities for the year ended June 30, 2024, is as follows:

Golf Course/Clubhouse- City Administration	\$ 166,687
Boundary Oak - On Site Contract Operations	36,454
Downtown Parking and Enhancement	576,199
Total	<u>\$ 779,340</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

7. LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Debt Issued	Debt Retired	Balance June 30, 2024	Due in one year	Due in more than one year
Governmental Activities Debt:						
Loans - Direct Borrowings:						
Shadelands/Garages to LED Loan #4 (PG&E Energy Efficiency Retroft Prg)	326,032	-	(58,394)	267,638	58,394	209,244
City Hall Police Station to LED Loan #5 (PG&E Energy Efficiency Retroft Prg)	124,422	-	(22,284)	102,138	22,284	79,854
Total governmental activities debt	<u>\$ 450,454</u>	<u>\$ -</u>	<u>\$ (80,678)</u>	<u>\$ 369,776</u>	<u>\$ 80,678</u>	<u>\$ 289,098</u>
Business-Type Activities Debt:						
Capital Lease - Direct Borrowings:						
US Bank Golf Course Equipment Lease #8	27,627	-	(13,597)	14,030	14,030	-
US Bank Golf Course Equipment Lease #9	23,047	-	(8,192)	14,855	8,407	6,448
US Bank Golf Course Equipment Lease #10	37,094	-	(9,722)	27,372	10,013	17,359
US Bank Golf Course Equipment Lease #11	-	309,552	-	309,552	88,443	221,109
Pinnacle Lease Financing Golf Course Clubhouse Improvement	1,549,274	-	(295,727)	1,253,547	302,628	950,919
Total business-type activities debt	<u>\$ 1,637,042</u>	<u>\$ 309,552</u>	<u>\$ (327,238)</u>	<u>\$ 1,619,356</u>	<u>\$ 423,521</u>	<u>\$ 1,195,835</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

7. LONG-TERM DEBT, *Continued*

Government Activities – Direct Borrowing Debt

A. Loan Payable

PG&E Energy Efficiency Retrofit Program Loan #4

During fiscal year 2018-19, the City entered into an Energy Efficiency Retrofit On-bill financing loan agreement with Pacific Gas & Electric for the cost of installing new light-emitting diode (LED) light fixtures, energy efficiency demand response equipment and service to Shadelands Community Arts Center and the city garages. This loan was recorded at the acquisition cost of \$583,938 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$4,866, is estimated to be approximately 10 years. All lines of credit of the agreement have been used and the agreement can be terminated at will by either party, which will result in the acceleration of payment of the full amount of the interest-free loan. The outstanding balance at June 30, 2024 is \$267,638.

Year Ending June 30,	Fixed Loan Payment
2025	\$ 58,394
2026	58,394
2027	58,394
2028-2029	92,456
Total	\$ 267,638



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

7. LONG-TERM DEBT, *Continued*

Government Activities – Direct Borrowing Debt, continued

A. Loan Payable, continued

PG&E Energy Efficiency Retrofit Program Loan #5

During fiscal year 2018-19, the City entered into an Energy Efficiency Retrofit On-bill financing loan agreement with Pacific Gas & Electric for the cost of installing new light-emitting diode (LED) light fixtures, energy efficiency demand response equipment and service to the City Hall Police Station. This loan was recorded at the acquisition cost of \$222,844 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$1,857, is estimated to be approximately 10 years. All lines of credit of the agreement have been used and the agreement can be terminated at will by either party, which will result in the acceleration of payment of the full amount of the interest-free loan. The outstanding balance at June 30, 2024 is \$102,138.

Year Ending June 30,	Fixed Loan Payment
2025	\$ 22,284
2026	22,284
2027	22,284
2028-2029	35,286
Total	\$ 102,138



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

7. LONG-TERM DEBT, *Continued*

Business-Type Activities

B. Capital Lease Obligation – capital lease – Direct Borrowing, continued

Golf Course Equipment Lease #8

During fiscal year 2019-20, the City entered into a lease-purchase agreement for the financing of maintenance equipment for its golf course. This lease agreement qualifies as a capital lease for accounting purposes, as title transfers at the end of the lease, and therefore has been recorded at the present value of the future minimum payments of the date of inception. In the event of default, the lessor may terminate the lease agreement and require the City to pay all lease payments due during the current fiscal year, return all equipment under the lease, and pay any expenses incurred by the lessor as a result of default. Equipment acquired under this lease agreement was recorded at its acquisition cost of \$65,960.

The financing was obtained from US Bancorp Government Leasing and Finance, Inc. in January 2020 for \$65,960 with an interest rate of 3.15% and semi-annual payments of \$7,181 payments beginning July 2020 through January 2025 (the end of the lease). The outstanding balance at June 30, 2024 is \$14,030.

<u>Year Ending June 30,</u>	<u>Master Lease</u>
2025	\$ 14,361
Subtotal	14,361
Less amount representing interest	<u>331</u>
Present value of future lease payments	<u>\$ 14,030</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

7. LONG-TERM DEBT, *Continued*

Business-Type Activities, Continued

B. Capital Lease Obligation – Capital Lease – Direct Borrowing, continued

Golf Course Equipment Lease #9

During fiscal year 2021-22, the City entered into a lease-purchase agreement for the financing of maintenance equipment for its golf course. This lease agreement qualifies as a capital lease for accounting purposes, as title transfers at the end of the lease, and therefore has been recorded at the present value of the future minimum payments of the date of inception. In the event of default, the lessor may terminate the lease agreement and require the City to pay all lease payments due during the current fiscal year, return all equipment under the lease, and pay any expenses incurred by the lessor as a result of default. Equipment acquired under this lease agreement was recorded at its acquisition cost of \$40,722. The financing was obtained from US Bancorp Government Leasing and Finance, Inc. in March 2021 for \$40,722 with an interest rate of 2.59% and monthly payments of \$724 payments beginning April 2021 through March 2026 (the end of the lease). The outstanding balance at June 30, 2024 is \$14,855.

<u>Year Ending June 30,</u>	<u>Master Lease</u>
2025	\$ 8,692
2026	6,519
Subtotal	15,211
Less amount representing interest	356
Present value of future lease payments	<u>\$ 14,855</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

7. LONG-TERM DEBT, *Continued*

Business-Type Activities, Continued

B. Capital Lease Obligation – Capital Lease – Direct Borrowing, continued

Golf Course Equipment Lease #10

During fiscal year 2022-23, the City entered into a lease-purchase agreement for the financing of maintenance equipment for its golf course. This lease agreement qualifies as a capital lease for accounting purposes, as title transfers at the end of the lease, and therefore has been recorded at the present value of the future minimum payments of the date of inception. In the event of default, the lessor may terminate the lease agreement and require the City to pay all lease payments due during the current fiscal year, return all equipment under the lease, and pay any expenses incurred by the lessor as a result of default. Equipment acquired under this lease agreement was recorded at its acquisition cost of \$49,534. The financing was obtained from US Bancorp Government Leasing and Finance, Inc. in March 2022 for \$49,534 with an interest rate of 2.59% and monthly payments of \$890.48 payments beginning March 2022 through February 2027 (the end of the lease). The outstanding balance at June 30, 2024 is \$27,373.

<u>Year Ending June 30,</u>	<u>Master Lease</u>
2025	10,686
2026	10,686
2027	7,124
Subtotal	<u>28,496</u>
Less amount representing interest	<u>\$ 1,123</u>
Present value of future lease payments	<u><u>\$ 27,373</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

7. LONG-TERM DEBT, *Continued*

Business-Type Activities, Continued

B. Capital Lease Obligation – Capital Lease – Direct Borrowing, continued

Golf Course Equipment Lease #11

During fiscal year 2023-24, the City entered into a lease-purchase agreement with Yamaha Financial Services for the financing of golf cars for the Boundary Oak Golf Course. This lease agreement initial term is 42 months and requires monthly payments of \$6,746. At the end of the lease term the equipment is returned to the Lessor. In the event of default, the lessor may on the occurrence of any one or more Events of Default, Lessor, at its option, may (1) proceed by appropriate court action or actions either at law or in equity to enforce performance by Lessee or (2) without notice or demand, accelerate the balance of the Monthly Rentals thereafter accruing under the applicable Equipment Schedule, which, together with all rent and other amounts then due shall become immediately due and payable. Equipment acquired under this lease agreement was recorded at its acquisition cost of \$309,552. The financing was obtained in March 2024. The outstanding balance at June 30, 2024 is \$309,552.

<u>Year Ending June 30,</u>	<u>Master Lease</u>
2025	88,443
2026	88,443
2027	88,443
2028	44,223
Subtotal	<u>309,552</u>
Present value of future lease payments	<u><u>\$ 309,552</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

7. LONG-TERM DEBT, *Continued*

Business-Type Activities, Continued

B. Capital Lease Obligation – Direct Borrowing, continued

Pinnacle Lease Financing Golf Course and Clubhouse Improvement Lease

During fiscal year 2014-15, the City entered into a site and facility tax-exempt lease agreement with Pinnacle Lease Financing to finance improvements at the Boundary Oak Golf Course Clubhouse. The capital lease obligation was recorded at a cost of \$3,230,000 with an interest rate of 2.32% to be paid back semi-annually beginning February 1, 2016 through February 1, 2028 (the end of the lease). The lease agreement is subject to mandatory redemption in whole or in part upon default by the City. The outstanding balance at June 30, 2024 is \$1.3 million.

<u>Year ending June 30,</u>	<u>Master Lease</u>	<u>Interest</u>
2025	302,628	27,327
2026	309,690	20,265
2027	316,917	13,038
2028	324,312	5,643
Subtotal	1,253,547	66,273
Present value of future lease	<u>\$ 1,253,547</u>	

Non-City Obligations

John Muir Medical Center

On October 29, 2009, the City acted as a financial intermediary in order to assist the John Muir Medical Center in issuing \$103,690,000 in revenue bonds. The bonds are payable solely from revenues collected by John Muir Medical Center. The City has not included these bonds in its financial statements, since it is not legally or morally obligated for the repayment of the bonds. The amount of debt outstanding as of June 30, 2024 was \$75,160,000.

On June 18, 2024 John Muir Health requested that the California Statewide Communities Development Authority (CSCDA) issue nonprofit revenue bonds in an amount not-to-exceed \$850 million to refinance outstanding bonds and reimburse for the construction, improvement, and equipping of healthcare facilities located in the cities of Walnut Creek and Concord. The City of Walnut Creek is a member of CSCDA. The Bonds are being issued to refinance \$180.5 million of CSCDA's bonds previously issued for the benefit of John Muir. \$200 million is being issued to reimburse John Muir for the costs and expenses associated with its new Cancer Center located in Walnut Creek. The additional \$469.5 million of potential bonds allow flexibility to fund new money projects at the Walnut Creek and Concord campuses. The City of Concord will conducted its own TEFRA hearing on June 25, 2024. The bonds proposed to be issued by CSCDA will be the sole responsibility of John Muir Health.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

8. COMPENSATED ABSENCES

Compensated absences at June 30, 2024 were as follows:

	Balance (as restated) July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due within One Year	Due in more than one Year
Governmental Activities	\$ 4,986,848	\$ 2,429,580	\$ (2,243,172)	\$ 5,173,257	\$ 621,271	\$ 4,551,986
Business Type Activities	305,475	216,642	(148,696)	373,421	—	373,421
Grand Total	\$ 5,292,323	\$ 2,646,222	\$ (2,391,868)	\$ 5,546,678	\$ 621,271	\$ 4,925,407

The City's General Fund has been and continues to be the primary funding source for the liquidation of governmental activities portion of this obligation.

9. FUND EQUITY

Deficit Fund Equity

At June 30, 2024, the following funds had deficit fund equity:

Major Funds:	
Capital Investment Program	\$ 1,838,899
Enterprise Funds:	
Boundary Oak-Onsite Contract Operations	\$ 366,809

The Capital Investment Program deficit fund balance will be reduced through revenue allocation of available sources to fund retention payables and accrued project expenditures. The City plans to reduce the deficit equity balance in the Boundary Oak- onsite contract operations fund with future revenues generated by golf course and clubhouse operations.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

9. FUND EQUITY, *Continued*

In Governmental Funds, the segregated portions of fund balances are presented as follows for the fiscal year ended June 30, 2024:

	General Funds	Housing Successor Agency	Housing	Capital Investment Program	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventory	\$ 66,352	\$ -	\$ -	\$ -	\$ -	\$ 66,352
Interfund loan	4,721,000	-	-	-	-	4,721,000
Prepaid items	66,956	-	-	-	-	66,956
Permanent Endowment	-	-	-	-	1,000,000	1,000,000
Total Nonspendable	4,854,308	-	-	-	1,000,000	5,854,308
Restricted:						
Capital projects	-	-	-	-	18,809,210	18,809,210
Community & economic development	341,695	3,031,673	9,018,073	-	5,600,742	17,992,183
Section 115 Trust	27,287,754	-	-	-	-	27,287,754
Other purposes	-	-	-	-	4,357,966	4,357,966
Street projects	-	-	-	-	14,311,283	14,311,283
Total Restricted	27,629,449	3,031,673	9,018,073	-	43,079,201	82,758,396
Committed:						
Catastrophic emergency	10,270,212	-	-	-	-	10,270,212
Compensated absences	621,271	-	-	-	-	621,271
Dental claims	227,047	-	-	-	-	227,047
Fiscal emergency	8,995,774	-	-	-	-	8,995,774
Legal claims	3,000,000	-	-	-	-	3,000,000
PERS liability	1,956,816	-	-	-	-	1,956,816
Total Committed	25,071,120	-	-	-	-	25,071,120
Assigned:						
ARCS Scholarships	30,736	-	-	-	-	30,736
Capital Projects:						
General Fund portion	24,914,509	-	-	-	-	24,914,509
Facilities	9,574,637	-	-	-	-	9,574,637
Parking Garage	231,121	-	-	-	-	231,121
Special Projects	2,255,787	-	-	-	-	2,255,787
Measure O Reserves	11,668,149	-	-	-	-	11,668,149
Total Assigned	48,674,939	-	-	-	-	48,674,939
Unassigned:						
City Manager Contingency	-	-	-	-	-	-
General Fund Contingency	2,000,000	-	-	-	-	2,000,000
Council Contingency	100,000	-	-	-	-	100,000
Carryovers	1,932,203	-	-	-	-	1,932,203
Unassigned (Deficit) Fund Balance	582,879	-	-	(1,838,899)	-	(1,256,020)
Total Unassigned	4,615,082	-	-	(1,838,899)	-	2,776,183
Total Fund Balance (Deficit)	\$ 110,844,898	\$ 3,031,673	\$ 9,018,073	\$ (1,838,899)	\$ 44,079,201	\$ 165,134,946



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

9. FUND EQUITY, *Continued*

General Fund Committed Fund Balance

On June 7, 2011, the City Council approved a revised reserve policy to establish a reserve for Fiscal Emergency offering a short-term solution to allow time to respond to economic changes and assess and plan for the future. In addition, the revised reserve policy changed the name of the Emergency Reserve to Catastrophic Emergency, and established that the City Council, by taking formal action, may commit General Fund balance for specific purposes and that these committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific uses through the same formal action taken to establish the commitment. City Council adopted Resolution 11-30 which state that the uses of the reserves may only be changed by approval of a subsequent resolution by City Council. The reserve policies regarding available general fund reserves of committed fund balance as established and approved by the City Council including thresholds are as follows:

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

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

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

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

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

PERS Liability - To provide funding set aside for PERS costs either to pay down future liabilities or smooth large increases anticipated for the next budget cycle, whichever is the most fiscally advantageous. With the creation of the Section 115 Trust, this funding set aside with similar intent will further supplement pension trust reserve.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

9. FUND EQUITY, *Continued*

Net investment in Capital Assets

The balances related to Net Investment in Capital Assets are comprised of the following as of June 30, 2024:

	Governmental Activities	Business-type Activities	Total
Capital assets, net of accumulated depreciation:	\$ 213,384,876	\$ 13,984,311	\$ 227,369,187
Less Capital debt:			
Long Term Debt	(369,776)	(1,619,355)	(1,989,131)
SBITA	(4,145,005)	—	(4,145,005)
Net investment in capital assets	\$ 208,870,095	\$ 12,364,956	\$ 221,235,051

10. LEASES

A. *Policies*

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes lease receivable or liabilities with an initial, individual value of \$400,000 or more, based on the future lease payments remaining at the start of the lease.

Lessor

The City is a lessor for noncancellable leases of buildings and facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

The City uses bond interest rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease.

Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

10. LEASES, continued

B. Leases Receivable (City as Lessor)

The terms and balances related to leases receivable and deferred inflows of resources recorded in the General Fund as of June 30, 2024 were:

Lessee	Property Address	Orig Lease Date	Lease End Date	Durati on Term (years)	Remaini ng Lease Term	Extensi on (years)	Exp Date Including Options	Interest Revenue	Lease Revenue	Monthly revenue as of June 30, 2024	Lease Receivabl e balance at June 30, 2024	Deferred Inflow of Resources at June 30, 2024
BHWC, LLC D/B/A Bierhaus	1360 Locust St.	7/01/21	3/19/29	8	5	10.00	3/19/39	93,159	121,671	17,903	3,039,081	2,876,875
LR, TS, ES D/B/A 5 Tacos & Beers by Los Moles	1352 Locust St.	2/01/23	2/01/33	10	9	10.00	2/01/43	95,550	95,700	15,938	3,132,915	3,025,241
Villa Optomet ric Group	1613 Locust St.	7/01/21	7/31/32	11	8	—	7/31/32	13,225	39,178	4,378	419,444	396,623
								\$ 201,934	\$ 256,549	\$ 38,219	\$ 6,591,440	\$ 6,298,739

The future principal and interest lease receivables as of June 30, were as follows:

For the Year Ended June 30	Principal	Interest	Total
2025	\$265,703	\$194,111	\$459,814
2026	275,147	186,011	461,158
2027	306,692	177,325	484,017
2028	327,074	167,917	494,991
2029	354,179	157,729	511,908
2030-2034	1,967,268	614,701	2,581,969
2035-2039	2,250,619	299,364	2,549,983
2040-2043	844,758	46,180	890,938
Totals	<u>\$6,591,440</u>	<u>\$1,843,338</u>	<u>\$8,434,778</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

11. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A summary of subscription-based information technology arrangements (SBITA) transactions for the fiscal year ended June 30, 2024, are as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Current Portion
Subscription Liability:					
Accela	\$ 840,263	\$ —	\$ 110,859	\$ 729,404	\$ 115,629
Axon Contract	2,119,784	—	285,136	1,834,648	290,839
Granicus	739,928	—	120,300	619,628	134,458
Versaterm Public Safety Inc	604,304	—	191,376	412,928	201,308
Peregrine Technologies, Inc	—	693,353	144,956	548,397	132,520
Total	\$ 4,304,279	\$ 693,353	\$ 852,627	\$ 4,145,005	\$ 874,754

As of June 30, 2024 the City had five SBITA for the purchases of software and software services.

As of June 30, 2024, the value of the subscription liability was \$4,145,005. The City is required to make annual principal and interest payments throughout the life of the subscription. The subscriptions have an interest rate of 2.0%. As part of the subscription, the City has recorded an intangible right to use subscription asset and accumulated amortization as disclosed in Note 6.

The future subscription and interest subscription payments as of June 30, 2024 follows:

For the Year Ended June 30	Liability Reduction	Interest Expense	Total Liability Balance
2025	874,754	84,412	3,270,251
2026	909,154	66,578	2,361,097
2027	722,866	48,013	1,638,231
2028	749,483	33,164	888,748
2029	439,974	17,775	448,774
2030	448,774	8,975	—
Totals	\$ 4,145,005	\$ 258,917	\$ —



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

12. RISK MANAGEMENT

A. *Municipal Pooling Authority*

The City is a member of the Municipal Pooling Authority of Northern California (Authority). The Authority provides coverage against general, workers' compensation and dental claim loss risks under the terms of a joint-powers agreement with the City and nineteen other cities and governmental agencies.

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

The City's deposits with the Authority are in accordance with formulas established by the Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. The amount of settlements have not exceeded insurance coverages in each of the past three fiscal years.

Audited financial statements for the Authority are available from MPANC, 1911 San Miguel Drive, Suite 100, Walnut Creek, California 94596.

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, 2024, was estimated by management and based on MPANC's claims experience and was computed as follows:

	General Liability	Workers' Compensation	Claims Liability	Total
Balance as of July 1, 2022	\$ 2,386,612	\$ 4,314,206	\$ 24,100	\$ 6,724,918
Claims incurred and changes in estimate	1,585,087	(1,382,998)	319,894	521,983
Claims paid	(1,398,457)	(708,015)	(323,257)	(2,429,729)
Balance as of June 30, 2023	<u>\$ 2,573,242</u>	<u>\$ 2,223,193</u>	<u>\$ 20,737</u>	<u>\$ 4,817,172</u>
Balance as of July 1, 2023	\$ 2,573,242	\$ 2,223,193	\$ 20,737	\$ 4,817,172
Claims incurred and changes in estimate	342,981	3,933,480	395,976	4,672,437
Claims paid	(1,016,339)	(1,213,615)	(401,613)	(2,631,567)
Balance as of June 30, 2024	<u>\$ 1,899,884</u>	<u>\$ 4,943,058</u>	<u>\$ 15,100</u>	<u>\$ 6,858,042</u>
Current portion as of June 30, 2024				<u>\$ 2,631,567</u>
Long term portion as of June 30, 2024				<u>\$ 4,226,475</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS

CalPERS Miscellaneous and Safety Employees' Pension Plans

The City contributes to the California Public Employee Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. The miscellaneous employees of the City are part of a three-tier agent multiple-employer defined benefit pension plan. The safety plan consists of individual rate plans (benefit tiers) within safety risk pool.

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

For governmental funds, the City's General Fund is the primary funding source for liquidation of pension liabilities.

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

Plan Description

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

Benefits Provided

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



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS, *Continued*

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

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2024 are summarized as follows:

Hire Date	Miscellaneous Plan		
	Prior to March 2, 2014	After March 2, 2014	On or after January 1, 2013
Formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	52-67
Monthly benefits, as a % of annual salary	1.426% to 2.418%	1.092% to 2.418%	1.00% to 2.500%
Required employee contribution rates	7.00%	7.00%	8.00%
Required employer contribution rates*	7.39%	7.39%	7.39%

*Includes a required contribution amount of \$6,026,620 for the unfunded actuarial liability

Employees Covered

At June 30, 2024, the following employees were covered by the benefit terms for Miscellaneous Plan:

Inactive employees or beneficiaries currently receiving benefits	457
Inactive employees entitled to but not yet receiving benefits	555
Active employees	290
Total	1,302

Contributions

Section 20814(c) of the California Public Employee's Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS annual actuarial process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2024 (the measurement date), the average active employee contribution rate is 7.09 percent of annual pay, and the employer's contribution rate is 9.38 percent of annual payroll. In addition, the City is required to make an employer contribution of \$5,651,747 towards the unfunded actuarial liability for the year ended June 30, 2024. Total employer contributions to the Miscellaneous Plan were \$9,236,476.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS, *Continued*

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

Net Pension Liability

The City's Miscellaneous Plan net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024. A summary of principal assumptions and methods used to determine the net pension liability is shown on the next page.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS, *Continued*

A. *Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan (continued)*

Actuarial Assumptions

The Miscellaneous Plan total pension liability in the June 30, 2023 measurement date was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	Varies by Asset Class (1)
Mortality	Derived using CalPERS Membership Data for all funds (2)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return</u>
Global Equity - Cap-weighted	30 %	4.54 %
Global Equity - Non-Cap-Weighted	12 %	3.84
Private Equity	13 %	7.28
Treasury	5 %	0.27
Mortgage-Backed Securities	5 %	0.50
Investment Grade Corporates	10 %	1.56
High Yield	5 %	2.27
Emerging Market Debt	5 %	2.48
Private Debt	5 %	3.57
Real Assets	15 %	3.21
Leverage	(5)%	-0.59

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS, *Continued*

A. *Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan (continued)*

Actuarial Assumptions (continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 valuation were based on results of an actuarial experience study of for the period from 1997 to 2016, including updates to salary increases, mortality, and retirement rates. The Experience Study Report may be accessed on the CalPERS website at www.calpers.ca.gov.

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

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

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

Asset Class (a)	Target Allocation	Real Return Years 1-10 (b)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS, *Continued*

A. *Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan (continued)*

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 6.90 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

Changes in the Net Pension Liability

The change in the Net Pension Liability for the Miscellaneous Plan, measured as of June 30, 2023, is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of June 30, 2023	\$ 261,049,265	\$ 181,966,397	\$ 79,082,868
Changes in the year:			
Service cost	4,674,724		4,674,724
Interest on the total pension liability	17,943,934		17,943,934
Differences between expected and actual experience	3,586,685		3,586,685
Changes of Benefit terms	304,753		304,753
Changes of Assumption	-		-
Contribution - employer		8,770,402	(8,770,402)
Contribution - employee		1,929,699	(1,929,699)
Net investment income		11,277,999	(11,277,999)
Administrative expenses		(133,810)	133,810
Other miscellaneous income/ (expense)		-	-
Benefit payments, including refunds of employee contributions	(14,442,081)	(14,442,081)	-
Net changes	12,068,015	7,402,209	4,665,806
Balance as of June 30, 2024	\$ 273,117,280	\$ 189,368,606	\$ 83,748,674



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS, Continued

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	5.90%	6.9 %	7.90%
Net Pension Liability	<u>\$ 118,852,438</u>	<u>\$ 83,748,674</u>	<u>\$ 54,791,265</u>

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

For the year ended June 30, 2024, the City recognized pension expense of \$14,396,965 for the Miscellaneous Plan. At June 30, 2024 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 9,236,476	
Net differences between projected and actual earnings on pension plan investments	8,544,768	-
Differences between expected and actual experience	2,152,011	(151,152)
Changes in assumptions	1,410,579	-
Total	<u>\$ 21,343,834</u>	<u>\$ (151,152)</u>

\$9,236,476 reported as deferred outflows of resources related to contributions made after the measurement date of the net pension liability but before the end of the contributing entity's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ending June 30	
2024	\$ 4,176,391
2025	1,536,144
2026	6,015,996
2027	227,675
Total	<u>\$ 11,956,206</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS, *Continued*

A. *Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan (continued)*

Payable to the Pension Plan

At June 30, 2024, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

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

Plan Description

The City's safety plan became part of a CalPERS Safety Risk Pool for employers with less than 100 active plan members. When these risk pools were established, CalPERS assigned each entity in the pool a share of the net pension liability. The safety employees are part of a three-tier cost-sharing multiple-employer defined benefit plan administered by CalPERS.

The second tier retirement program provides a lower level of retirement benefits than the first tier. Employees hired on or after November 22, 2012 (sworn safety personnel) who meet eligibility requirements, are enrolled in the second tier program. The third tier program was implemented in January 2013 following the passage of AB340 (PEPRA) by the California Legislature. Employees hired on or after January 1, 2013 who were not previously enrolled in the PERS system elsewhere or who have had a break in service of at least six months are required to be enrolled in this retirement program which provides a benefit level that is lower than the first two tiers.

Benefits Provided

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



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS, *Continued*

B. *Safety Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (continued)*

The Safety Rate Plan provisions and benefits in effect at June 30, 2024 are summarized as follows:

Hire Date	Safety Plan		
	Prior to November 22, 2012 Classic Tier 1	On or after November 22, 2012 Classic Tier 2	On or after January 1, 2013 PEPRA Tier 3
Formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50+	50-55+	50-57+
Monthly benefits, as a % of annual salary	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	0.09	0.09	0.145
Required employer contribution rates	29.09% + \$4,617,597*	24.79% + \$0*	14.50% + \$20,947*

* UAL

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount

necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Safety plan participants (tier 1 and tier 2) are required to contribute 9.00% of their annual covered salary. Safety plan tier 3 participants are required to contribute 14.50% of their annual covered salary. In addition, the City is required to make an employer contribution at an actuarial determined rate of 25.59% (tier 1), 22.47% (tier 2), and 13.98% (tier 3) of annual covered payroll for the year ended June 30, 2024. For the year ended June 30, 2024, contributions to the Plan were \$7,045,988.

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

As of June 30, 2024, the City reported liability of \$71,588,317 for its proportionate share of the Plan's net pension liability.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS, Continued

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

The City's net pension liability is measured as the proportionate share of net pension liability. The net pension liability is measured as of June 30, 2024, and the total pension liability for used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024. The City's proportion of the net pension liability based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2024, the City's proportion was 69 percent, which was an increase of 11 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the City recognized pension expense of \$10,891,233. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,045,988	
Changes in assumptions	4,177,990	
Difference between expected and actual experience	5,255,902	(449,961)
Net difference between projected and actual earnings on plan investments	9,796,842	
Changes in proportion and differences between City's contributions and proportionate share of contributions	1,970,579	(2,354,771)
Total	\$ 28,247,301	\$ (2,804,732)

\$7,045,988 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	
2025	\$ 5,880,679
2026	4,231,159
2027	8,011,295
2028	273,448
Total	\$ 18,396,581



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS, *Continued*

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

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuation were determined using the following actuarial assumptions:

	<u>Safety</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	Varies by Asset Class (1)
Mortality	Derived using CalPERS Membership Data for all funds (2)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

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

Asset Class	Assumed Asset Allocation	Real Return
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap- Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS, *Continued*

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 valuation were based on results of an actuarial experience study of for the period from 1997 to 2015, including updates to salary increases, mortality, and retirement rates. The Experience Study Report may be accessed on the CalPERS website at www.calpers.ca.gov.

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

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

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

Asset Class (a)	Target Allocation	Real Return Years 1-10 (b)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

^(a) An expected inflation of 2.30% used for this period.

^(b) Figures are based on the 2021 Asset Liability Management study.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS, Continued

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF).

The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate of 7.15 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Discount Rate	5.90 %	6.90 %	7.90 %
City's proportionate share of the net pension liability	<u>\$ 102,740,134</u>	<u>\$ 71,588,317</u>	<u>\$ 46,119,489</u>

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

Payable to the Pension Plan

June 30, 2024, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

As of June 30, 2024, the City reported total net pension liability, deferred outflows of resources and deferred inflows of resources for both Miscellaneous and Safety Plans as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Governmental Activities:				
Miscellaneous Plan	\$ 83,748,674	\$ 21,343,834	\$ (151,152)	\$ 14,396,965
Safety Plan	71,588,317	28,247,301	(2,804,732)	10,891,233
Total	<u>\$ 155,336,991</u>	<u>\$ 49,591,135</u>	<u>\$ (2,955,884)</u>	<u>\$ 25,288,198</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. PENSION PLANS, *Continued*

C. Apple Retirement Plan

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

In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. All non-regular employees (except for those who exercised a one-time opt out during the initial implementation of the plan) are required to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, with the employees contributing 5% and the City contributing 2.5% of annual salary. Benefit terms, including contribution requirements, for Apple Plan are established and may be amended by the City Council. Employees are immediately vested in their own contributions and the City's contributions and earnings. For the year ended June 30, 2024, employee contributions totaled \$116,106 and the City recognized pension expense of \$58,054. The total assets of the Apple Plan are held in trust by American United Life Insurance Company, a OneAmerica Company (AUL), and are not included in the City's assets or equity.

14. CONTINGENCIES

A. Lawsuits in the Normal Course of Business

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. With the exception of one lawsuit for which the resolution includes construction of public improvements that could cost between \$700,000 and \$9,000,000 (\$5 million of which has already been appropriated in the Capital Budget). Management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in any material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential damages should an unfavorable outcome materialize.

B. Grant Obligations

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



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2024

14. CONTINGENCIES, *Continued*

C. *Construction Commitments*

The City had several outstanding or planned construction projects as of June 30, 2024. Funding for each project is initially identified based on a determination of available resources. Council approved appropriations are then set aside accordingly. The unexpended portion of appropriations are presented in the financial statements under assigned fund balance. These projects are typically evidenced by contractual commitments with consultants and/or contractors, and include the major projects listed below:

Project Description	Amounts
OBAG3 Safe Routes To School Project	\$ 6,247,885
Arterial Overlay	5,752,430
North Broadway Improvements-Prelim	5,132,352
Walker-Homestead Drainage	4,783,630
Heather Farm Synthetic Turf	4,455,034
Traffic Monitoring & Communications	3,492,961
S Main St Bridge Replacement	3,376,828
YPYF Phase 1 Design	3,352,108
Walnut Blvd Sidewalk	2,097,043
Building Interior Maintenance & MEP	1,701,665
Bancroft Rd Bridge Widening	1,671,449
Tice Ballfield Lights-Conceptual	1,655,624
OBAG3 Countywide Smart Signal	1,518,841
Building MEP	817,195
Court Resurfacing	790,046
Bus Stop Access & Safety Improve	773,015
Slurry Seal	706,122
Calif/YVR Intersection Improvements	697,504
Roadway Resurfacing	613,049
Park Equipment Replacement	504,757
Total	\$ 50,139,536



City of Walnut Creek

Notes to Basic Financial Statements

For the year ended June 30, 2024

15. RELATED PARTIES LOANS

Equity Loans to City Employees

The City can enter into agreements with City employees under which the City will contribute towards the purchase of residences for the City employees. An employment agreement further provides that the City receive an undivided ownership interest in such residence as tenant-in-common. If the residence is sold, the City will receive from 5% to 21% of the net sales proceeds (specified in each agreement) after deducting the cost of sale, escrow fees and the fair value of capital improvements made by the owner. There was a memorandum to an existing agreement during the 2024 fiscal year. Total equity loans to City employees as of June 30, 2024 was \$106,289.

16. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2024 transfers out exceeded appropriations at the fund level (the legal level of budgetary control) for the following special revenue fund:

Traffic Congestion Relief Special Revenue Fund	\$ 647,910
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These expenditures were funded by either greater than anticipated revenues or available fund balance in these funds.

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. Redevelopment Dissolution

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("The Bill") that provides for the dissolution of all redevelopment agencies in the State of California.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the City Council of the City of Walnut Creek adopted Resolution 12-04 accepting for the City the role of Successor Agency to the Redevelopment Agency of the City of Walnut Creek (the 'Successor Agency') and Resolution 12-05 electing to retain the housing assets and functions previously performed by the Redevelopment Agency of the City of Walnut Creek.

As required by AB1X 26, an Oversight Board was established to oversee the activities of the Successor Agency. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members representing the County, the City and various education and special districts.

The non-housing activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

On October 15, 2024 the City Council adopted a Resolution to declaring that there is no need for the Successor Agency to the Redevelopment Agency to function and requested that the Contra Costs County Oversight Board approve the dissolution of the Successor Agency. The Successor Agency has now repaid all debt, disposed of all real estate, and fulfilled all other obligations as required under the Dissolution Law.

**REQUIRED
SUPPLEMENTARY INFORMATION**



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2024

Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios, Last Ten Years*

Measurement date,

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Total pension liability					
Service cost	\$ 3,283,386	\$ 3,330,652	\$ 4,026,085	\$ 4,188,688	\$ 4,134,877
Interest	13,395,916	13,923,105	14,270,928	14,716,088	15,459,543
Differences between expected and actual experience	(443,519)	(611,261)	(2,320,304)	(1,208,077)	-
Changes in assumptions	(3,217,373)	-	11,670,814	(1,197,188)	1,972,596
Changes in benefits	-	-	-	-	-
Benefit payments, incl. refunds of employee contributions	(9,038,323)	(9,362,313)	(9,357,599)	(10,136,451)	(10,768,566)
Net change in total pension liability	3,980,087	7,280,183	18,289,924	6,363,060	10,798,450
Total pension liability - beginning	181,648,372	185,628,459	192,908,642	211,198,566	217,561,626
Total pension liability - ending (a)	\$ 185,628,459	\$ 192,908,642	\$ 211,198,566	\$ 217,561,626	\$ 228,360,076
Plan fiduciary net position					
Net Plan to Plan Resource Movement	\$ -	\$ -	\$ -	\$ (358)	\$ -
Contributions - employer	3,987,575	4,991,357	5,284,608	5,678,227	6,268,959
Contributions - employee	1,655,392	1,701,109	1,640,634	1,844,079	1,848,134
Net investment income	2,996,499	704,431	14,760,416	12,360,626	10,154,866
Benefit payments, including refunds of employee contributions	(9,038,323)	(9,362,313)	(9,357,599)	(10,136,451)	(10,768,566)
Other Miscellaneous Income/ (Expense)	-	-	-	(429,128)	(109,974)
Administrative Expense	(151,804)	(82,234)	(196,194)	(225,974)	358
Net change in fiduciary net position	(550,661)	\$ (2,047,650)	\$ 12,131,865	\$ 9,091,021	\$ 7,393,777
Plan fiduciary net position - beginning	135,481,849	\$ 134,931,188	\$ 132,883,538	\$ 145,015,403	\$ 154,106,424
Plan fiduciary net position - ending (b)	\$ 134,931,188	\$ 132,883,538	\$ 145,015,403	\$ 154,106,424	\$ 161,500,201
Net pension liability - ending (a) - (b)	\$ 50,697,271	\$ 60,025,104	\$ 66,183,163	\$ 63,455,202	\$ 66,859,875
Plan fiduciary net position as a percentage of the total pension liability	72.69%	68.88%	68.66%	70.83%	70.72%
Covered payroll	\$ 22,148,123	\$ 23,861,610	\$ 23,385,484	\$ 26,356,487	\$ 25,926,137
Net pension liability as a percentage of covered payroll	228.90%	251.56%	283.01%	240.76%	257.89%



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2024

Continued...

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

Schedule of Changes in Net Pension Liability and Related Ratios, Last Ten Years*

Measurement date,

Total pension liability

	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Service cost	\$ 4,238,369	\$ 4,343,955	\$ 4,457,086	\$ 4,674,724
Interest	16,125,829	16,752,578	17,150,828	17,943,934
Differences between expected and actual experience	761,470	349,841	(755,760)	3,586,685
Changes in assumptions	-	-	7,052,893	-
Changes in benefits	-	-	-	304,753
Benefit payments, incl. refunds of employee contributions	(11,409,312)	(12,592,931)	(13,785,657)	(14,442,081)
Net change in total pension liability	9,716,356	8,853,443	14,119,390	12,068,015
Total pension liability - beginning	228,360,076	238,076,432	246,929,875	261,049,265
Total pension liability - ending (a)	\$ 238,076,432	\$ 246,929,875	\$ 261,049,265	\$ 273,117,280

Plan fiduciary net position

Net Plan to Plan Resource Movement	\$ -	\$ -	\$ -	
Contributions - employer	7,060,722	7,487,273	8,044,779	8,770,402
Contributions - employee	1,855,227	1,784,881	1,842,325	1,929,699
Net investment income	8,119,993	37,784,386	(15,205,759)	11,277,999
Benefit payments, including refunds of employee contributions	(11,409,312)	(12,592,931)	(13,785,657)	(14,442,081)
Other Miscellaneous Income/ (Expense)	-	-	-	-
Administrative Expense	(227,676)	(166,722)	(125,333)	(133,810)
Net change in fiduciary net position	5,398,954	34,296,887	\$ (19,229,645)	\$ 7,402,209
Plan fiduciary net position - beginning	161,500,201	166,899,155	\$ 201,196,042	\$ 181,966,397
Plan fiduciary net position - ending (b)	\$ 166,899,155	\$ 201,196,042	\$ 181,966,397	\$ 189,368,606
Net pension liability - ending (a) - (b)	\$ 71,177,277	\$ 45,733,833	\$ 79,082,868	\$ 83,748,674

Plan fiduciary net position as a percentage of the total pension liability 70.10% 81.48% 69.71% 69.34%

Covered payroll \$ 27,228,712 \$ 25,188,551 \$ 25,138,670 \$ 26,850,801

Net pension liability as a percentage of covered payroll 261.41% 181.57% 314.59% 311.90%

* Fiscal year 2015 was the first year of implementation; therefore, only nine years are shown.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2024

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

Last Ten Years

Schedule of Contributions

	2015	2016	2017	2018
Actuarially determined contribution	\$ 3,987,248	\$ 4,802,943	\$ 5,287,652	\$ 5,676,946
Contributions in relation to the actuarially determined contribution	3,987,248	4,802,943	5,287,652	5,676,946
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 22,148,123	\$ 23,861,610	\$ 23,385,484	\$ 26,356,487
Contributions as a percentage of covered payroll	18.00%	20.13%	22.61%	21.54%

Notes to Schedule

Valuation date:	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
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Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age Normal	Entry age Normal	Entry age Normal	Entry age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Inflation	2.75%	2.75%	2.75%	2.75%
Salary Increase	3.3% to 14.20% depending on Age, Service, and type of employment.	3.3% to 14.20% depending on Age, Service, and type of employment.	3.3% to 14.20% depending on Age, Service, and type of employment.	3.3% to 14.20% depending on Age, Service, and type of employment.
Investment Rate of Return	7.5%, Net of Pension Plan Investment and Administrative expenses, including inflation.	7.5%, Net of Pension Plan Investment and Administrative expenses, including inflation.	7.5%, Net of Pension Plan Investment and Administrative expenses, including inflation.	7.15%, Net of Pension Plan Investment and Administrative expenses, including inflation.
Retirement age	55 years	55 years	55 years	55 years
Mortality	Based on CalPERS Experience Study	Based on CalPERS Experience Study	Based on CalPERS Experience Study	Based on CalPERS Experience Study



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2024

Miscellaneous Plan an Agent Multiple-Employer Defined Benefit Pension Plan

Last Ten Years
Schedule of Contributions

	2019	2020	2021	2022
Actuarially determined contribution	\$ 6,267,267	\$ 7,058,361	\$ 7,489,466	\$ 8,045,859
Contributions in relation to the actuarially determined contribution	6,267,267	7,058,361	7,489,466	8,045,859
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 25,926,137	\$ 27,228,712	\$ 25,188,551	\$ 25,490,829
Contributions as a percentage of covered payroll	24.17%	25.92%	29.73%	31.56%

Notes to Schedule

Valuation date: June 30, 2017 June 30, 2018 June 30, 2019 June 30, 2020

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age Normal	Entry age Normal	Entry age Normal Cost	Entry age Normal Cost
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Inflation	2.75%	2.50%	2.50%	2.50%
Salary Increase	3.3% to 14.20% depending on Age, Service, and type of employment.	3.3% to 14.20% depending on Age, Service, and type of employment.	3.3% to 14.20% depending on Age, Service, and type of employment.	3.3% to 14.20% depending on Age, Service, and type of employment.
Investment Rate of Return	7.15%, Net of Pension Plan Investment and Administrative expenses, including inflation.	7.15%, Net of Pension Plan Investment and Administrative expenses, including inflation.	7.15%, Net of Pension Plan Investment and Administrative expenses, including inflation.	7.15%, Net of Pension Plan Investment and Administrative expenses, including inflation.
Retirement age	**55 / 60 / 62 years	**55 / 60 / 62 years	**55 / 60 / 62 years	**55 / 60 / 62 years
Mortality	Based on CalPERS Experience Study	Based on CalPERS Experience Study	Based on CalPERS Experience Study	Based on CalPERS Experience Study

** Depending on service tier.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2024

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

Last Ten Years
Schedule of Contributions

	<u>2023</u>	<u>2024</u>
Actuarially determined contribution	\$ 8,770,402	\$ 9,236,476
Contributions in relation to the actuarially determined contribution	<u>8,770,402</u>	<u>9,236,476</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered payroll	25,138,670	26,850,801
Contributions as a percentage of covered payroll	34.89%	34.40%

Notes to Schedule

Valuation date: June 30, 2021 June 30, 2022

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age Normal Cost	Entry age Normal Cost
Amortization method	Level percentage of payroll	Level percentage of payroll
Asset valuation method	Market Value	Market Value
Inflation	2.30%	2.30%
Salary Increase	3.3% to 14.20% depending on Age, Service, and type of employment.	3.3% to 14.20% depending on Age, Service, and type of employment.
Investment Rate of Return	6.8%, Net of Pension Plan Investment and Administrative expenses, including inflation.	6.8%, Net of Pension Plan Investment and Administrative expenses, including inflation.
Retirement age	**55 / 60 / 62 years	**55 / 60 / 62 years
Mortality	Based on CalPERS Experience Study	Based on CalPERS Experience Study

** Depending on service tier.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2024

Safety Plan, a Cost Sharing Defined Benefit Pension Plan
Schedule of Contributions Proportionate Share of the Net Pension Liability
Last Ten Years*

	2015	2016	2017	2018	2019
Proportion of the net pension liability	0.43718%	0.47060%	0.48300%	0.48420%	0.50560%
Proportionate share of the net pension liability	\$ 27,203,344	\$ 32,300,750	\$ 41,797,507	\$ 48,021,521	\$ 48,721,833
Covered payroll	\$ 9,220,099	\$ 9,404,426	\$ 9,490,459	\$ 10,137,734	\$ 11,060,430
Proportionate share of the net pension liability as a percentage of covered payroll	295.04%	343.46%	440.42%	473.69%	440.51%
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%	71.74%
Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018

* Fiscal year 2015 was the first year of implementation.

Safety Plan, a Cost Sharing Defined Benefit Pension Plan
Schedule of Contributions Proportionate Share of the Net Pension Liability
Last Ten Years*

	2020	2021	2022	2023	2024
Proportion of the net pension liability	0.51390%	0.86288%	1.06419%	0.96790%	0.95771%
Proportionate share of the net pension liability	\$ 52,663,024	\$ 57,487,898	\$ 37,347,410	\$ 66,509,701	\$ 71,588,317
Covered payroll	\$ 11,217,582	\$ 13,467,470	\$ 10,975,914	\$ 11,033,410	\$ 11,709,924
Proportionate share of the net pension liability as a percentage of covered payroll	469.47%	426.86%	340.27%	602.80%	611.35%
Plan fiduciary net position as a percentage of the total pension liability	72.69%	72.69%	81.57%	69.12%	68.47%
Measurement Date	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023

* Fiscal year 2015 was the first year of implementation.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2024

Safety Plan, a Cost Sharing Defined Benefit Pension Plan

Schedule of Contributions

Last Ten Years*

	2015	2016	2017	2018	2019
Actuarially determined contributions	\$ 2,738,761	\$ 3,185,301	\$ 3,643,000	\$ 4,112,518	\$ 4,703,662
Contributions in relation to the actuarially determined contribution	2,738,761	3,185,301	3,643,000	4,112,518	4,703,662
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,404,426	\$ 9,490,459	\$ 10,137,734	\$ 11,060,430	\$ 11,217,582
Contributions as a percentage of covered payroll	29.12%	33.56%	35.94%	37.18%	41.93%

* Fiscal year 2015 was the first year of implementation.

Safety Plan, a Cost Sharing Defined Benefit Pension Plan

Schedule of Contributions

Last Ten Years*

	2020	2021	2022	2023	2024
Actuarially determined contributions	\$5,204,123	\$ 5,594,739	\$ 6,173,901	\$ 6,826,478	\$ 7,045,988
Contributions in relation to the actuarially determined contribution	5,204,123	5,594,739	6,173,901	6,826,478	7,045,988
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$13,467,470	\$ 10,975,914	\$ 11,033,410	\$ 11,709,924	\$ 12,321,341
Contributions as a percentage of covered payroll	38.64%	50.97%	55.96%	58.30%	57.19%

* Fiscal year 2015 was the first year of implementation.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2024

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 Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual include budget amendments approved by the City Council.

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

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

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



City of Walnut Creek
Required Supplementary Information - General Funds
For the Year Ended June 30, 2024

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Funds Combined (General Fund and Measure O)

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes				
Sales and use	\$ 44,814,770	\$ 44,814,770	\$ 44,094,136	\$ (720,634)
Property	30,926,399	30,926,399	32,197,959	1,271,560
Business license	2,840,995	2,840,995	1,619,390	(1,221,605)
Franchise	3,870,847	3,870,847	4,044,428	173,581
Transient occupancy tax	1,953,395	1,953,395	2,598,976	645,581
Other	818,000	818,000	754,756	(63,244)
Intergovernmental	34,500	34,500	266,151	231,651
Investment and rental income	4,615,458	4,615,458	12,642,380	8,026,922
Charges for services	16,419,706	16,405,771	12,660,262	(3,745,509)
Licenses, permits and fees	4,698,879	4,698,879	5,627,515	928,636
Fines, forfeitures and penalties	231,523	231,523	324,285	92,762
Other revenue	1,218,332	1,218,332	1,382,000	163,668
Total revenues	112,442,804	112,428,869	118,212,238	5,783,369
EXPENDITURES:				
Current:				
Public protection	33,031,322	33,437,793	32,699,149	738,644
Public works	19,392,816	19,948,589	18,875,724	1,072,865
Community and economic development	8,712,296	9,148,984	8,342,162	806,822
Arts and recreation	19,480,063	19,665,134	19,913,304	(248,170)
Administrative services	5,552,992	5,772,348	5,343,114	429,234
Human resources	2,377,382	2,517,643	2,092,814	424,829
General government	10,635,215	11,898,590	9,406,517	2,492,073
Debt Service:				
Principal retirement	86,618	86,618	72,100	14,518
Interest, fiscal charges and issuance costs	-	-	-	-
Total expenditures	99,268,704	102,475,699	96,744,884	5,730,815
REVENUES OVER (UNDER) EXPENDITURES	13,174,100	9,953,170	15,210,306	11,514,184
OTHER FINANCING SOURCES (USES):				
Transfers in	683,000	683,000	853,573	170,573
Transfers (out)	(16,168,846)	(16,168,846)	(5,534,748)	10,634,098
Total other financing sources (uses)	(15,485,846)	(15,485,846)	(4,181,175)	11,304,671
Net change in fund balance	\$ (2,311,746)	\$ (5,532,676)	\$ 17,286,179	\$ 22,818,855
FUND BALANCE:				
Beginning of year			93,558,719	
End of year			\$ 110,844,898	

See note to required supplementary information.



City of Walnut Creek
Required Supplementary Information
General Fund
For the Year Ended June 30, 2024

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

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes				
Sales and use	\$ 32,314,770	\$ 32,314,770	\$ 31,335,515	\$ (979,255)
Property	30,926,399	30,926,399	32,197,959	1,271,560
Business license	2,840,995	2,840,995	1,619,390	(1,221,605)
Franchise	3,870,847	3,870,847	4,044,428	173,581
Transient occupancy tax	1,953,395	1,953,395	2,598,976	645,581
Other	818,000	818,000	754,756	(63,244)
Intergovernmental	34,500	34,500	266,151	231,651
Investment and rental income	4,540,458	4,540,458	10,885,720	6,345,262
Charges for services	16,419,706	16,405,771	12,660,262	(3,745,509)
Licenses, permits and fees	4,698,879	4,698,879	5,627,515	928,636
Fines, forfeitures and penalties	231,523	231,523	324,285	92,762
Other revenue	1,218,332	1,218,332	1,382,000	163,668
Total revenues	99,867,804	99,853,869	103,696,957	3,843,088
EXPENDITURES:				
Current:				
Public protection	31,779,004	32,185,475	31,956,468	229,007
Public works	18,740,515	19,296,288	18,391,918	904,370
Community and economic development	8,607,296	9,043,984	8,238,970	805,014
Arts and recreation	19,281,524	19,466,595	19,721,083	(254,488)
Administrative services	5,477,992	5,697,348	5,293,364	403,984
Human resources	2,377,382	2,517,643	2,092,814	424,829
General government	10,184,996	11,448,371	9,127,266	2,321,105
Debt Service:				
Principal retirement	86,618	86,618	72,100	14,518
Interest, fiscal charges and issuance costs	-	-	-	-
Total expenditures	96,535,327	99,742,322	94,893,983	4,848,339
REVENUES OVER (UNDER) EXPENDITURES	3,332,477	111,547	8,802,974	8,691,427
OTHER FINANCING SOURCES (USES):				
Transfers in	683,000	683,000	853,573	170,573
Transfers (out)	(14,168,846)	(14,168,846)	(5,534,748)	8,634,098
Total other financing sources (uses)	(13,485,846)	(13,485,846)	(4,181,175)	9,304,671
Net change in fund balance	\$ (10,153,369)	\$ (13,374,299)	\$ 4,621,799	\$ 17,996,098
FUND BALANCE:				
Beginning of year			64,925,500	
End of year			<u>\$ 69,547,299</u>	

See note to required supplementary information.



City of Walnut Creek
Required Supplementary Information
Measure O Fund
For the Year Ended June 30, 2024

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

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes				
Sales and use	\$ 12,500,000	\$ 12,500,000	\$ 12,758,621	\$ 258,621
Property	-	-	-	-
Investment and rental income	-	-	155,669	155,669
Other revenue	-	-	-	-
Total revenues	12,500,000	12,500,000	12,914,290	414,290
EXPENDITURES:				
Current:				
Public protection	1,252,318	1,252,318	742,681	509,637
Public works	652,301	652,301	483,806	168,495
Community and economic development	105,000	105,000	103,192	1,808
Arts and recreation	198,539	198,539	192,220	6,319
Administrative services	-	-	-	-
Human resources	-	-	-	-
General government	450,219	450,219	279,252	170,967
Debt Service:				
Principal retirement	-	-	-	-
Interest, fiscal charges and issuance costs	-	-	-	-
Total expenditures	2,658,377	2,658,377	1,801,151	857,226
REVENUES OVER (UNDER) EXPENDITURES	9,841,623	9,841,623	11,113,139	1,271,516
OTHER FINANCING SOURCES (USES):				
Sale of asset	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(2,000,000)	(2,000,000)	-	2,000,000
Total other financing sources (uses)	(2,000,000)	(2,000,000)	-	2,000,000
Net change in fund balance	7,841,623	7,841,623	11,113,139	3,271,516
FUND BALANCE:				
Beginning of year			2,896,706	
End of year			\$ 14,009,845	



City of Walnut Creek
Required Supplementary Information
Section 115 Pension Trust Fund
For the Year Ended June 30, 2024

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Section 115 Pension Trust

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Investment and rental income	\$ 75,000	\$ 75,000	\$ 1,600,991	\$ 1,525,991
Other revenue	—	—	—	—
Total revenues	75,000	75,000	1,600,991	1,525,991
EXPENDITURES:				
Current:				
Administrative services	75,000	75,000	49,750	25,250
Total expenditures	75,000	75,000	49,750	25,250
REVENUES OVER (UNDER) EXPENDITURES				
	—	—	1,551,241	1,551,241
Net change in fund balance	\$ —	\$ —	\$ 1,551,241	\$ 1,551,241
FUND BALANCE:				
Beginning of year			25,736,513	
End of year			\$ 27,287,754	



City of Walnut Creek
Required Supplementary Information
Housing Successor Agency Special Revenue Fund
For the Year Ended June 30, 2024

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 36,000	\$ 36,000	\$ 88,768	\$ 52,768
Other	180,000	180,000	271,110	91,110
Total revenues	<u>216,000</u>	<u>216,000</u>	<u>359,878</u>	<u>143,878</u>
EXPENDITURES:				
Current:				
Community and economic development	520,636	1,520,636	4,318	1,516,318
Total expenditures	<u>520,636</u>	<u>1,520,636</u>	<u>4,318</u>	<u>1,516,318</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (304,636)</u>	<u>\$ (1,304,636)</u>	<u>355,560</u>	<u>\$ 1,660,196</u>
Net change in fund balance	<u><u>\$ (304,636)</u></u>	<u><u>\$ (1,304,636)</u></u>	<u>355,560</u>	<u><u>\$ 1,660,196</u></u>
FUND BALANCE:				
Beginning of year			2,676,113	
End of year			<u><u>\$ 3,031,673</u></u>	



City of Walnut Creek
Required Supplementary Information
Housing Special Revenue Fund
For the Year Ended June 30, 2024

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES:				
Charges for services	\$ 4,013,300	\$ 4,013,300	\$ 432,176	\$ (3,581,124)
Fines, forfeitures and penalties	7,000	7,000	1,600	(5,400)
Investment and rental income	76,600	76,600	273,878	197,278
Other revenue	-	-	3,844	3,844
Total revenues	4,096,900	4,096,900	711,498	(3,385,402)
EXPENDITURES:				
Current:				
Community and economic development	4,216,351	5,316,351	167,372	5,148,979
REVENUES OVER (UNDER) EXPENDITURES	(119,451)	(1,219,451)	544,126	1,763,577
Net change in fund balance	\$ (119,451)	\$ (1,219,451)	\$ 544,126	\$ 1,763,577
FUND BALANCE:				
Beginning of year			8,473,947	
End of year			\$ 9,018,073	

See note to required supplementary information.



City of Walnut Creek
Required Supplementary Information
CDBG Special Revenue Fund
For the Year Ended June 30, 2024

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 18,412	\$ 18,412
Intergovernmental	366,000	366,000	302,647	(63,353)
Other revenue	20,000	20,000	1,440	(18,560)
Total revenues	386,000	386,000	322,499	(63,501)
EXPENDITURES:				
Current:				
Community and economic development	386,000	551,132	322,414	228,718
Housing	-	-	-	-
Arts and recreation	-	-	85	(85)
Total expenditures	386,000	551,132	322,499	228,633
REVENUES OVER (UNDER) EXPENDITURES	-	(165,132)	-	165,132
	\$ -	\$ (165,132)	\$ -	\$ 165,132
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	



SUPPLEMENTAL INFORMATION



NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

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

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

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

Traffic Safety / Police Grants - accounts for fines paid to the City from the State Motor Vehicle Code and Police related grant funding to be used for public safety purposes.

Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for payments to State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak.

American Rescue Plan Act (ARPA) - accounts for funds received by federal government for state and local governments to make strategic investments in long-lived assets, rebuild reserves to enhance financial stability, and cover temporary operating shortfalls until economic conditions and operations normalize.

Public Education Government (PEG) Access Fees / Grants - accounts for funds received from local cable companies to be used for funding local public education and government access stations.

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

National Pollutant Discharge Elimination System (NPDES) - accounts for assessments to Walnut Creek property owners for drainage related expenditures.

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

Shadelands Park Maintenance - accounts for surplus monies transferred from the assessment redemption and improvement district funds for, and to be applied to, the maintenance of improvements or any portion thereof acquired and/or constructed in Shadelands Park.

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

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

Traffic Congestion Relief - accounts for Road Maintenance and Rehabilitation Account (RMRA) SB-1 Beall state funds to be used similarly (but not identical) to State Gas Tax Funds. See Streets and Highways Code Section 2030 for uses of RMRA funds.



NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

Capital Project Funds:

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

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

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

Other In Lieu / Mitigation - accounts for receipts from fees imposed on developers to provide for improvements for Creek Restoration, Public Art, Tree Mitigation and traffic circulation improvements.

In Lieu Park - accounts for receipts from fees imposed on developers to provide for City park or recreational improvements.

In Lieu Parking - accounts for receipts from fees imposed on developers to provide for parking facilities improvements.

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

Permanent Fund:

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



City of Walnut Creek
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024
(With comparative information from the prior year)

	Special Revenue												
	General Plan Update	Open Space	Revolving Loans	ARPA	Traffic Safety/ Police/ Grants	PEG Access Fees/ Grants	Gas Tax	NPDES	Measure J	Shadelands Park Maintenance	Shadelands Property and Business Improvement District	Alternative Energy	Traffic Congestion Relief
ASSETS:													
Current:													
Cash and investments	\$2,178,796	\$ 46,327	\$ 295,504	\$ -	\$1,502,315	\$3,317,826	\$3,529,843	\$1,761,320	\$5,481,521	\$ 967,010	\$ 56,631	\$ 118,065	\$3,549,441
Accounts receivable	-	-	-	-	511,031	49,857	165,123	338,644	-	-	-	-	146,343
Interest receivable	3,870	-	529	-	1,612	5,928	6,185	3,459	10,018	-	-	-	5,906
Prepaid items	-	-	-	-	12,171	8,575	-	-	-	-	-	-	-
Notes and loans receivable	-	-	-	-	626,322	-	-	-	-	-	-	-	-
Taxes Receivable	\$ -	\$ -	\$ -	\$ -	\$ 1,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total assets	<u>\$2,182,666</u>	<u>\$ 46,327</u>	<u>\$ 296,033</u>	<u>\$ -</u>	<u>\$2,654,575</u>	<u>\$3,382,186</u>	<u>\$3,701,151</u>	<u>\$2,103,423</u>	<u>\$5,491,539</u>	<u>\$ 967,010</u>	<u>\$ 56,631</u>	<u>\$ 118,065</u>	<u>\$3,701,690</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:													
LIABILITIES:													
Accounts payable and other accrued liabilities	\$ -	\$ 31,247	\$ -	\$ -	\$ 215,658	\$ 88	\$ -	\$ 11,107	\$ -	\$ -	\$ 18,575	\$ -	\$ -
Accrued payroll	2,078	15,080	-	-	5,790	-	-	16,159	-	-	-	-	-
Due to other funds	-	-	-	-	210,699	-	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	179,203	-	-	-	-	-	-	-	-
Total liabilities	<u>2,078</u>	<u>46,327</u>	<u>-</u>	<u>-</u>	<u>611,350</u>	<u>88</u>	<u>-</u>	<u>27,266</u>	<u>-</u>	<u>-</u>	<u>18,575</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES:													
Unavailable resources-notes and loans	-	-	-	-	626,322	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>626,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	2,180,588	-	296,033	-	1,416,903	3,382,098	3,701,151	2,076,157	5,491,539	967,010	38,056	118,065	3,701,690
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>2,180,588</u>	<u>-</u>	<u>296,033</u>	<u>-</u>	<u>1,416,903</u>	<u>3,382,098</u>	<u>3,701,151</u>	<u>2,076,157</u>	<u>5,491,539</u>	<u>967,010</u>	<u>38,056</u>	<u>118,065</u>	<u>3,701,690</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$2,182,666</u>	<u>\$ 46,327</u>	<u>\$ 296,033</u>	<u>\$ -</u>	<u>\$2,654,575</u>	<u>\$3,382,186</u>	<u>\$3,701,151</u>	<u>\$2,103,423</u>	<u>\$5,491,539</u>	<u>\$ 967,010</u>	<u>\$ 56,631</u>	<u>\$ 118,065</u>	<u>\$3,701,690</u>



City of Walnut Creek
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024
(With comparative information from the prior year)

	Capital Project			Capital Project				Permanent	Totals	
	In Lieu Underground	Storm Drain	Traffic Impact Mitigation	Other In Lie / Mitigation Fees	In Lieu Park	In Lieu Parking	Local Improvement Districts	Lesher Endowment	2024	2023
ASSETS:										
Current:										
Cash and investments	\$ 1,121,677	\$ 617,006	\$ 10,166,305	\$ 1,924,699	\$ 3,372,686	\$ 1,494,275	\$ 87,017	\$ 1,901,296	\$ 43,489,560	\$ 43,876,016
Accounts receivable	-	-	-	-	-	-	-	-	1,210,998	1,370,217
Interest receivable	2,084	1,105	18,667	3,400	6,128	2,676	-	3,433	75,000	50,903
Prepaid items	-	-	-	-	-	-	-	-	20,746	220
Notes and loans receivable	-	-	-	-	-	-	-	-	626,322	626,322
Taxes Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,124	\$ -
Total assets	\$ 1,123,761	\$ 618,111	\$ 10,184,972	\$ 1,928,099	\$ 3,378,814	\$ 1,496,951	\$ 87,017	\$ 1,904,729	\$ 45,423,750	\$ 45,923,678
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:										
LIABILITIES:										
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ 3,017	\$ -	\$ -	\$ -	\$ -	\$ 4,028	\$ 283,720	\$ 355,823
Accrued payroll	-	-	-	3,420	2,078	-	-	-	44,605	30,345
Due to other funds	-	-	-	-	-	-	-	-	210,699	389,838
Unearned revenues	-	-	-	-	-	-	-	-	179,203	86,560
Total liabilities	-	-	3,017	3,420	2,078	-	-	4,028	718,227	862,566
DEFERRED INFLOW OF RESOURCES:										
Unavailable resources-notes and loans	-	-	-	-	-	-	-	-	626,322	626,322
Total deferred inflows of resources	-	-	-	-	-	-	-	-	626,322	626,322
FUND BALANCES:										
Nonspendable	-	-	-	-	-	-	-	1,000,000	1,000,000	1,000,220
Restricted	1,123,761	618,111	10,181,955	1,924,679	3,376,736	1,496,951	87,017	900,701	43,079,201	43,434,747
Total fund balances	1,123,761	618,111	10,181,955	1,924,679	3,376,736	1,496,951	87,017	1,900,701	44,079,201	44,434,790
Total liabilities, deferred inflows of resources and fund balances	\$ 1,123,761	\$ 618,111	\$ 10,184,972	\$ 1,928,099	\$ 3,378,814	\$ 1,496,951	\$ 87,017	\$ 1,904,729	\$ 45,423,750	\$ 45,923,678



City of Walnut Creek

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds For the Year Ended June 30, 2024 (With comparative information for the prior year)

	Special Revenue												
	General Plan Update	Open Space	Revolvin g Loans	ARPA	Traffic Safety/ Police Grants	PEG Access Fees/ Grants	Gas Tax	NPDES	Measure J	Shadelands Park Maintenance	Shadelands Property and Business Improvement District	Alternative Energy	Traffic Congestion Relief
REVENUES:													
Taxes:													
Sales and use	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,662,621	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-	-	-	-	-	-	-	375,600	-	-
Other	-	920,683	-	-	-	-	-	1,273,528	-	-	-	-	-
Intergovernmental	-	-	-	-	764,536	-	1,911,522	-	-	-	-	-	1,778,527
Investment and rental income	52,134	43,289	7,240	-	36,759	81,456	85,845	48,237	130,300	-	-	-	81,119
Charges for services	-	56,795	-	-	211,921	212,513	-	85,950	-	-	-	-	-
Other revenues	176,238	300	-	-	78,229	40,708	-	16,896	-	-	-	-	-
Total revenues	228,372	1,021,067	7,240	-	1,091,445	334,677	1,997,367	1,424,611	1,792,921	-	375,600	-	1,859,646
EXPENDITURES:													
Current:													
Public protection	-	-	-	-	439,172	-	-	-	-	-	-	-	-
Public works	-	1,373,961	-	-	17,708	-	-	1,652,633	74,674	-	-	-	-
Community development	106,244	-	-	-	620,871	-	-	-	74	-	-	-	-
Arts and recreation	-	-	-	-	82,024	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	305,050	-	-	-	-	371,848	-	-
Total expenditures	106,244	1,373,961	-	-	1,159,775	305,050	-	1,652,633	74,748	-	371,848	-	-
REVENUES OVER (UNDER) EXPENDITURES	122,128	(352,894)	7,240	-	(68,330)	29,627	1,997,367	(228,022)	1,718,173	-	3,752	-	1,859,646
OTHER FINANCING SOURCES (USES):													
Transfers in	-	352,894	-	-	680,269	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	177	-	-	(1,783,169)	-	(895,751)	(36,138)	-	-	(2,597,910)
Total other financing sources (uses)	-	352,894	-	177	680,269	-	(1,783,169)	-	(895,751)	(36,138)	-	-	(2,597,910)
Net change in fund balances	122,128	-	7,240	177	611,939	29,627	214,198	(228,022)	822,422	(36,138)	3,752	-	(738,264)
FUND BALANCES:													
Beginning of the year	2,058,460	-	288,793	(177)	804,964	3,352,471	3,486,953	2,304,179	4,669,117	1,003,148	34,304	118,065	4,439,954
End of the year	\$ 2,180,588	\$ -	\$ 296,033	\$ -	\$ 1,416,903	\$ 3,382,098	\$ 3,701,151	\$ 2,076,157	\$ 5,491,539	\$ 967,010	\$ 38,056	\$ 118,065	\$ 3,701,690



City of Walnut Creek

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds For the Year Ended June 30, 2024 (With comparative information for the prior year)

	Capital Project							Permanent		
	In Lieu Underground	Storm Drain	Traffic Impact Mitigation	Other In Lieu / Mitigation Fees	In Lieu Park	In Lieu Parking	Local Improvement Districts	Leshar Endowment	Totals	
									2024	2023
REVENUES:										
Taxes:										
Sales and use	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,662,621	\$ 438,073
Property	-	-	-	-	-	-	-	-	375,600	377,956
Other	-	-	-	-	-	-	-	-	2,194,211	2,072,243
Intergovernmental	-	-	-	-	-	-	-	-	4,454,585	3,996,912
Investment and rental income	31,190	15,116	259,172	47,671	93,117	36,610	-	46,642	1,095,897	631,125
Charges for services	63,300	-	350,555	142,369	184,000	-	-	-	1,307,403	722,694
Other revenues	-	-	-	-	-	-	-	75,000	387,371	329,933
Total revenues	94,490	15,116	609,727	190,040	277,117	36,610	0	121,642	11,477,688	8,568,936
EXPENDITURES:										
Current:										
Public protection	-	-	-	-	-	-	-	-	439,172	380,295
Public works	-	-	49,127	120,917	25,468	-	-	-	3,314,488	3,184,712
Community development	-	-	-	-	-	-	-	-	727,189	1,111,087
Arts and recreation	-	-	-	150,290	-	-	-	57,766	290,080	204,810
General government	-	-	-	-	-	-	-	-	676,898	250,712
Total expenditures	-	-	49,127	271,207	25,468	-	-	57,766	5,447,827	5,131,616
REVENUES OVER (UNDER) EXPENDITURES	94,490	15,116	560,600	(81,167)	251,649	36,610	-	63,876	6,029,861	3,437,320
OTHER FINANCING SOURCES (USES):										
Transfers in	-	-	-	12,500	595	-	-	-	1,046,258	383,524
Transfers (out)	(243,150)	-	(643,240)	-	(1,232,526)	-	-	-	(7,431,707)	(4,313,714)
Total other financing sources (uses)	(243,150)	-	(643,240)	12,500	(1,231,931)	-	-	-	(6,385,449)	(3,930,190)
Net change in fund balances	(148,660)	15,116	(82,640)	(68,667)	(980,282)	36,610	-	63,876	(355,588)	(492,870)
FUND BALANCES:										
Beginning of the year	1,272,421	602,995	10,264,595	1,993,346	4,357,018	1,460,341	87,017	1,836,825	44,434,789	44,927,659
End of the year	\$ 1,123,761	\$ 618,111	\$ 10,181,955	\$ 1,924,679	\$ 3,376,736	\$ 1,496,951	\$ 87,017	\$ 1,900,701	\$ 44,079,201	\$ 44,434,790



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual General Plan Update Special Revenue Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 20,000	\$ 20,000	\$ 52,134	\$ 32,134
Other revenue	270,000	270,000	176,238	(93,762)
Total revenues	<u>290,000</u>	<u>290,000</u>	<u>228,372</u>	<u>(61,628)</u>
EXPENDITURES:				
Current:				
Community and economic development	122,378	258,019	106,244	151,775
Total expenditures	<u>122,378</u>	<u>258,019</u>	<u>106,244</u>	<u>151,775</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>167,622</u>	<u>31,981</u>	<u>122,128</u>	<u>90,147</u>
Net change in fund balance	<u>\$ 167,622</u>	<u>\$ 31,981</u>	<u>\$ 122,128</u>	<u>\$ 90,147</u>
FUND BALANCE:				
Beginning of year			2,058,460	
End of year			<u>\$ 2,180,588</u>	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Open Space Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Other taxes	\$ 870,302	\$ 870,302	\$ 920,683	\$ 50,381
Investment and rental income	29,300	29,300	43,289	13,989
Charges for services	40,454	40,454	56,795	16,341
Other revenues	-	-	300	300
Total revenues	<u>940,056</u>	<u>940,056</u>	<u>1,021,067</u>	<u>81,011</u>
EXPENDITURES:				
Current:				
Public works	1,363,611	1,373,981	1,373,961	20
Total expenditures	<u>1,363,611</u>	<u>1,373,981</u>	<u>1,373,961</u>	<u>20</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(423,555)</u>	<u>(433,925)</u>	<u>(352,894)</u>	<u>81,031</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	423,555	423,555	352,894	(70,661)
Total other financing sources (uses)	<u>423,555</u>	<u>423,555</u>	<u>352,894</u>	<u>(70,661)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (10,370)</u>	<u>\$ -</u>	<u>\$ 10,370</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	



City of Walnut Creek

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

Revolving Loans Special Revenue Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 2,700	\$ 2,700	\$ 7,240	\$ 4,540
Charges for services	-	-	-	-
Total revenues	2,700	2,700	7,240	4,540
Net change in fund balance	\$ 2,700	\$ 2,700	\$ 7,240	\$ 4,540
FUND BALANCE:				
Beginning of year			288,793	
End of year			\$ 296,033	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual American Rescue Plan Act (ARPA)

For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Intergovernmental	\$ —	\$ —	\$ —	\$ —
Investment and rental income	\$ —	\$ —	\$ —	\$ —
Total revenues	\$ —	\$ —	\$ —	\$ —
OTHER FINANCING SOURCES (USES):				
Transfers Out	\$ —	\$ —	\$ 177	\$ (177)
Total other financing sources (uses)	\$ —	\$ —	\$ 177	\$ (177)
Net change in fund balance	\$ —	\$ —	\$ 177	\$ (177)
FUND BALANCE:				
Beginning of year			\$ (177)	
End of year			\$ —	



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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Charges for services	\$ 345,000	\$ 345,000	\$ 211,921	\$ (133,079)
Intergovernmental	313,000	364,252	764,536	400,284
Investment and rental income	4,636	4,636	36,759	32,123
Other revenue	67,584	67,584	78,229	10,645
Total revenues	730,220	781,472	1,091,445	309,973
EXPENDITURES:				
Current:				
Public protection	296,023	347,275	439,172	(91,897)
Public works	-	-	17,708	(17,708)
Community and economic development	647,181	789,463	620,871	168,592
Arts and recreation	67,584	67,584	82,024	(14,440)
General government	-	-	-	-
Total expenditures	1,010,788	1,204,322	1,159,775	44,547
REVENUES OVER (UNDER) EXPENDITURES	(280,568)	(422,850)	(68,330)	354,520
Net change in fund balance	\$ (280,568)	\$ (422,850)	\$ 611,939	\$ 1,034,789
FUND BALANCE:				
Beginning of year			804,964	
End of year			<u>\$ 1,416,903</u>	



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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Investment and rental income	\$ 29,825	\$ 29,825	\$ 81,456	\$ 51,631
Charges for services	317,868	317,868	212,513	(105,355)
Total revenues	<u>347,693</u>	<u>347,693</u>	<u>334,677</u>	<u>(13,016)</u>
EXPENDITURES:				
Current:				
General government	532,575	541,919	305,050	236,869
Total expenditures	<u>532,575</u>	<u>541,919</u>	<u>305,050</u>	<u>236,869</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(184,882)</u>	<u>(194,226)</u>	<u>29,627</u>	<u>223,853</u>
Net change in fund balance	<u>\$ (184,882)</u>	<u>\$ (194,226)</u>	<u>\$ 29,627</u>	<u>\$ 223,853</u>
FUND BALANCE:				
Beginning of year			3,352,471	
End of year			<u>\$ 3,382,098</u>	



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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,751,411	\$ 1,751,411	\$ 1,911,522	\$ 160,111
Investment and rental income	30,000	30,000	85,845	55,845
Total revenues	<u>1,781,411</u>	<u>1,781,411</u>	<u>1,997,367</u>	<u>215,956</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(1,650,000)	(1,650,000)	(1,783,169)	(133,169)
Total other financing sources (uses)	<u>(1,650,000)</u>	<u>(1,650,000)</u>	<u>(1,783,169)</u>	<u>(133,169)</u>
Net change in fund balance	<u>\$ 131,411</u>	<u>\$ 131,411</u>	<u>\$ 214,198</u>	<u>\$ 82,787</u>
FUND BALANCE:				
Beginning of year			3,486,953	
End of year			<u>\$ 3,701,151</u>	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual NPDES Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Other taxes	\$ 1,212,176	\$ 1,212,176	\$ 1,273,528	\$ 61,352
Charges for services	9,500	9,500	16,896	7,396
Investment and rental income	20,000	20,000	48,237	28,237
Other revenue	101,034	101,034	85,950	(15,084)
Total revenues	<u>1,342,710</u>	<u>1,342,710</u>	<u>1,424,611</u>	<u>81,901</u>
EXPENDITURES:				
Current:				
Public works	1,872,734	1,965,503	1,652,633	312,870
Total expenditures	<u>1,872,734</u>	<u>1,965,503</u>	<u>1,652,633</u>	<u>312,870</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(530,024)</u>	<u>(622,793)</u>	<u>(228,022)</u>	<u>394,771</u>
Net change in fund balance	<u>\$ (530,024)</u>	<u>\$ (622,793)</u>	<u>\$ (228,022)</u>	<u>\$ 394,771</u>
FUND BALANCE:				
Beginning of year			2,304,179	
End of year			<u>\$ 2,076,157</u>	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Measure J Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Sales and use tax	\$ 1,372,802	\$ 1,372,802	\$ 1,662,621	\$ 289,819
Investment and rental income	25,000	25,000	130,300	105,300
Total revenues	<u>1,397,802</u>	<u>1,397,802</u>	<u>1,792,921</u>	<u>395,119</u>
EXPENDITURES:				
Current:				
Community and economic development	0	92	74	18
Public works	<u>226,836</u>	<u>226,836</u>	<u>74,674</u>	<u>152,162</u>
Total expenditures	<u>226,836</u>	<u>226,928</u>	<u>74,748</u>	<u>152,180</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,170,966</u>	<u>1,170,874</u>	<u>1,718,173</u>	<u>547,299</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,350,000)	(1,350,000)	(895,751)	454,249
Total other financing sources (uses)	<u>(1,350,000)</u>	<u>(1,350,000)</u>	<u>(895,751)</u>	<u>(454,249)</u>
Net change in fund balance	<u>\$ (179,034)</u>	<u>\$ (179,126)</u>	<u>\$ 822,422</u>	<u>\$ 1,001,548</u>
FUND BALANCE:				
Beginning of year			4,669,117	
End of year			<u>\$ 5,491,539</u>	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Shadelands Park Maintenance Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	\$ -	\$ -	\$ (36,138)	\$ (36,138)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,138)</u>	<u>\$ (36,138)</u>
FUND BALANCE:				
Beginning of year			1,003,148	
End of year			<u>\$ 967,010</u>	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Shadelands Property and Business Improvement District Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Property Tax	\$ 390,000	\$ 390,000	\$ 375,600	\$ (14,400)
Total revenues	<u>390,000</u>	<u>390,000</u>	<u>375,600</u>	<u>(14,400)</u>
EXPENDITURES:				
Current:				
General government	386,100	386,100	371,848	14,252
Total expenditures	<u>386,100</u>	<u>386,100</u>	<u>371,848</u>	<u>14,252</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,900</u>	<u>3,900</u>	<u>3,752</u>	<u>(148)</u>
Net change in fund balance	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>\$ 3,752</u>	<u>\$ (148)</u>
FUND BALANCE:				
Beginning of year			34,304	
End of year			<u>\$ 38,056</u>	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Alternative Energy Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Other Revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
FUND BALANCE:				
Beginning of year			118,065	
End of year			<u>\$ 118,065</u>	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Traffic Congestion Relief Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,573,428	\$ 1,573,428	\$ 1,778,527	\$ 205,099
Investment and rental income	30,000	30,000	81,119	51,119
Total revenues	<u>1,603,428</u>	<u>1,603,428</u>	<u>1,859,646</u>	<u>256,218</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,950,000)	(1,950,000)	(2,597,910)	(647,910)
Total other financing sources (uses)	<u>(1,950,000)</u>	<u>(1,950,000)</u>	<u>(2,597,910)</u>	<u>(647,910)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,950,000)</u>	<u>\$ (1,950,000)</u>	<u>\$ (2,597,910)</u>	<u>\$ (647,910)</u>
Net change in fund balance	<u>\$ (346,572)</u>	<u>\$ (346,572)</u>	<u>\$ (738,264)</u>	<u>\$ (391,692)</u>
FUND BALANCE:				
Beginning of year			4,439,954	
End of year			<u>3,701,690</u>	



INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

Employee Improvement Program Liability Fund accounts for the costs related to employee training and improvement program.

Workers' Compensation Liability Fund accounts for the City's retained self-insured risks of loss from workers' compensation claims.



City of Walnut Creek
Combining Statement of Net Position
All Internal Service Funds
June 30, 2024
(With comparative information for the prior year)

	Vehicle Replacement	Police Radio	Equipment Replacement LCA	Equipment Replacement IT	Equipment Replacement ASD
ASSETS:					
Current assets:					
Cash and investments	\$ 2,887,926	\$ 293,802	\$ 98,946	\$ 6,141,711	\$ 1,269
Prepaid expense	-	-	-	46,895	-
Accounts receivable	-	-	-	-	-
Interest Receivable	4,999	515	177	11,310	2
Total current assets	2,892,925	294,317	99,123	6,199,916	1,271
Capital assets:					
Vehicles	12,211,324	-	-	-	-
Buildings	-	-	-	50,000	-
Machinery and equipment	-	1,876,273	59,364	2,208,360	-
Accumulated depreciation	(8,889,863)	(1,844,946)	(59,364)	(1,448,852)	-
Total capital assets	3,321,461	31,327	-	809,509	-
Total assets	6,214,386	325,644	99,123	7,009,425	1,271
LIABILITIES:					
Current liabilities:					
Accounts payable	-	-	-	67	-
Accrued payroll	-	-	-	2,764	-
Claims payable due in one year	-	-	-	-	-
Total current liabilities	-	-	-	2,832	-
Non-current liabilities:					
Claims payable due in more than one year	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-
Total liabilities	-	-	-	2,832	-
NET POSITION:					
Net investment in capital assets	3,321,461	31,327	-	809,509	-
Unrestricted	2,892,925	294,317	99,123	6,197,084	1,271
Total net position (deficit)	\$ 6,214,386	\$ 325,644	\$ 99,123	\$ 7,006,593	\$ 1,271



City of Walnut Creek
Combining Statement of Net Position
All Internal Service Funds
June 30, 2024
(With comparative information for the prior year)

					Totals	
	Equipment Replacement GF	Facilities Replacement	Employee Improvement Program Liability	Workers' Compensation Liability	2024	2023
ASSETS:						
Current assets:						
Cash and investments	\$ -	\$ 106,824	\$ 414,616	\$ 5,323,692	\$ 15,268,786	\$ 15,236,574
Prepaid expense	-	-	-	-	46,895	133,608
Accounts receivable	-	-	-	-	-	-
Interest Receivable	-	191	766	9,446	27,406	18,662
Total current assets	-	107,015	415,382	5,333,138	15,343,087	15,388,844
Capital assets:						
Vehicles	-	-	-	-	12,211,324	12,155,826
Buildings	-	235,000	-	-	285,000	285,000
Machinery and equipment	433,280	-	-	-	4,577,277	4,508,347
Accumulated depreciation	(422,303)	(84,208)	-	-	(12,749,536)	(12,071,064)
Total capital assets	10,977	150,792	-	-	4,324,066	4,878,109
Total assets	10,977	257,807	415,382	5,333,138	19,667,153	20,266,953
LIABILITIES:						
Current liabilities:						
Accounts payable	-	-	5,206	41,278	46,551	56,238
Accrued payroll	-	-	-	(27,320)	(24,556)	(17,527)
Claims payable due in one year	-	-	-	1,213,615	1,213,615	708,015
Total current liabilities	-	-	5,206	1,227,573	1,235,611	746,726
Non-current liabilities:						
Claims payable due in more than one year	-	-	-	3,729,443	3,729,443	1,515,178
Total noncurrent liabilities	-	-	-	3,729,443	3,729,443	1,515,178
Total liabilities	-	-	5,206	4,957,016	4,965,054	2,261,904
NET POSITION:						
Net investment in capital assets	10,977	150,792	-	-	4,324,066	4,878,109
Unrestricted	-	107,015	410,176	376,122	10,378,033	13,126,940
Total net position (deficit)	\$ 10,977	\$ 257,807	\$ 410,176	\$ 376,122	\$ 14,702,099	\$ 18,005,049



City of Walnut Creek

Combining Statement of Revenues, Expenditures and Changes in Fund Net Position All Internal Service Funds

For the Year Ended June 30, 2024

(With comparative information for the prior year)

	Vehicle Replacement	Police Radio	Equipment Replacement LCA	Equipment Replacement IT	Equipment Replacement ASD
OPERATING REVENUES:					
Charges for services	\$ 1,280,301	\$ 42,384	\$ -	\$ 1,609,622	\$ -
Fines, forfeitures and penalties	-	-	-	-	-
Total operating revenues	<u>1,280,301</u>	<u>42,384</u>	<u>-</u>	<u>1,609,622</u>	<u>-</u>
OPERATING EXPENSES:					
Supplies and services	-	(260)	-	2,141,919	-
Repairs and maintenance	4,767	-	-	-	-
Depreciation	821,435	19,615	3,654	179,463	-
Total operating expenses	<u>826,202</u>	<u>19,355</u>	<u>3,654</u>	<u>2,321,382</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>454,099</u>	<u>23,029</u>	<u>(3,654)</u>	<u>(711,760)</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES):					
Interest and related (expenses)	61,149	6,666	2,424	161,096	31
Gain (loss) on sale of assets	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>61,149</u>	<u>6,666</u>	<u>2,424</u>	<u>161,096</u>	<u>31</u>
Net (loss) before capital contributions and operating transfers	<u>515,248</u>	<u>29,695</u>	<u>(1,230)</u>	<u>(550,664)</u>	<u>31</u>
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	(755,679)	-
Change in net position	<u>515,248</u>	<u>29,695</u>	<u>(1,230)</u>	<u>(1,306,343)</u>	<u>31</u>
NET POSITION (DEFICIT):					
Beginning of the year	5,699,138	295,949	100,353	8,312,936	1,240
End of the year	<u>\$ 6,214,386</u>	<u>\$ 325,644</u>	<u>\$ 99,123</u>	<u>\$ 7,006,593</u>	<u>\$ 1,271</u>



City of Walnut Creek

Combining Statement of Revenues, Expenditures and Changes in Fund Net Position All Internal Service Funds

For the Year Ended June 30, 2024

(With comparative information for the prior year)

					Totals	
	Equipment Replacement GF	Facilities Replacement	Employee Improvement Program Liability	Workers' Compensation Liability	2024	2023
OPERATING REVENUES:						
Charges for services	\$ -	\$ -	\$ 122,235	\$ 1,232,175	\$ 4,286,717	\$ 4,301,486
Fines, forfeitures and penalties	-	-	-	-	-	-
Total operating revenues	-	-	122,235	1,232,175	4,286,717	4,301,486
OPERATING EXPENSES:						
Supplies and services	-	-	83,773	3,916,548	6,141,980	986,156
Repairs and maintenance	-	-	-	-	4,767	10,877
Depreciation	29,717	4,700	-	-	1,058,584	992,166
Total operating expenses	29,717	4,700	83,773	3,916,548	7,205,331	1,989,199
OPERATING INCOME (LOSS)	(29,717)	(4,700)	38,462	(2,684,373)	(2,918,614)	2,312,287
NONOPERATING REVENUES (EXPENSES):						
Interest and related (expenses)	-	2,617	10,990	126,370	371,343	205,725
Gain (loss) on sale of assets	-	-	-	-	-	-
Total nonoperating revenues (expenses)	-	2,617	10,990	126,370	371,343	205,725
Net (loss) before capital contributions and operating transfers	(29,717)	(2,083)	49,452	(2,558,003)	(2,547,271)	2,518,012
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(755,679)	(305,603)
Change in net position	(29,717)	(2,083)	49,452	(2,558,003)	(3,302,950)	2,212,409
NET POSITION (DEFICIT):						
Beginning of the year	40,694	259,890	360,724	2,934,125	18,005,049	15,792,640
End of the year	\$ 10,977	\$ 257,807	\$ 410,176	\$ 376,122	\$ 14,702,099	\$ 18,005,049



City of Walnut Creek
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2024
(With comparative information for the prior year)

	Vehicle Replacement	Police Radio	Equipment Replacement LCA	Equipment Replacement IT	Equipment Replacement ASD	Equipment Replacement GF
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 1,280,301	\$ 42,384	\$ -	\$ 1,696,335	\$ -	\$ -
Payments to suppliers	(10,695)	260	-	(2,187,925)	-	-
Receipts from other funds	-	-	-	-	-	-
Net cash provided (used) by operating activities	1,269,606	42,644	-	(491,590)	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(755,679)	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	(755,679)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions	-	-	-	-	-	-
Acquisition of capital assets	(435,608)	-	1	(68,928)	-	-
Net cash provided (used) by capital and related financing activities	(435,608)	-	1	(68,928)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income received	58,779	6,435	2,360	158,669	31	-
Net increase (decrease) in cash and cash equivalents	892,777	49,079	2,361	(1,157,528)	31	-
CASH AND CASH EQUIVALENTS:						
Beginning of the year	1,995,149	244,723	96,585	7,299,239	1,238	-
End of the year	<u>\$ 2,887,926</u>	<u>\$ 293,802</u>	<u>\$ 98,946</u>	<u>\$ 6,141,711</u>	<u>\$ 1,269</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 454,099	\$ 23,029	\$ (3,654)	\$ (711,760)	\$ -	\$ (29,717)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	821,435	19,615	3,654	179,463	-	29,717
Changes in assets and liabilities:						
Accounts receivable	-	-	-	-	-	-
Prepaid items	-	-	-	86,713	-	-
Claims payable	-	-	-	-	-	-
Salary and wages payable	-	-	-	502	-	-
Accounts payable	(5,928)	-	-	(46,508)	-	-
Net cash provided (used) by operating activities	\$ 1,269,606	\$ 42,644	\$ -	\$ (491,590)	\$ -	\$ -

(Continued)



City of Walnut Creek
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2024
(With comparative information for the prior year)

	Facilities Replacement	Employee Improvement Program Liability	Workers' Compensation Liability	Totals	
				2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ -	\$ 122,235	\$ 1,232,175	\$ 4,373,430	\$ 4,420,797
Payments to suppliers	-	(82,303)	(1,162,937)	(3,443,600)	(3,348,992)
Receipts from other funds	-	-	-	-	-
Net cash provided (used) by operating activities	-	39,932	69,238	929,830	1,071,805
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	(755,679)	(305,603)
Net cash provided (used) by noncapital financing activities	-	-	-	(755,679)	(305,603)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	-	-	-	-	-
Acquisition of capital assets	-	-	-	(504,535)	(1,948,345)
Principal paid on PERS Safety Side Fund Liability	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	(504,535)	(1,948,345)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income received	2,740	10,670	122,911	362,595	204,060
Net increase (decrease) in cash and cash equivalents	2,740	50,602	192,149	32,211	(978,083)
CASH AND CASH EQUIVALENTS:					
Beginning of the year	104,084	364,014	5,131,543	15,236,575	16,214,659
End of the year	\$ 106,824	\$ 414,616	\$ 5,323,692	\$ 15,268,786	\$ 15,236,576
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (4,700)	\$ 38,462	\$ (2,684,373)	\$ (2,918,614)	\$ 2,312,287
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	4,700	-	-	1,058,584	992,166
Changes in assets and liabilities:					
Accounts receivable	-	-	-	-	-
Prepaid items	-	-	-	86,713	119,311
Claims payable	-	-	2,719,865	2,719,865	(2,091,013)
Salary and wages payable	-	-	(7,532)	(7,030)	42,487
Accounts payable	-	1,470	41,278	(9,688)	(303,433)
Net cash provided (used) by operating activities	\$ -	\$ 39,932	\$ 69,238	\$ 929,830	\$ 1,071,805

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FIDUCIARY FUND TYPES

PRIVATE-PURPOSE TRUST FUNDS

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

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City of Walnut Creek
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2024

	RDA Obligation Retirement	Total Private- Purpose Trust Funds
ASSETS:		
Current:		
Cash and investments	\$ 5,651,992	\$ 5,651,992
Cash and investments with fiscal agents	-	-
Interest receivable	55,185	55,185
Total assets	5,707,177	5,707,177
NET POSITION:		
Held in trust	\$ 5,707,177	\$ 5,707,177



City of Walnut Creek
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2024

	RDA Obligation Retirement	Total Private- Purpose Trust Funds
ADDITIONS:		
Investment and rental income	\$ 251,302	\$ 251,302
Other	-	-
Transfers in	-	-
Total additions	<u>251,302</u>	<u>251,302</u>
DEDUCTIONS:		
Community and economic development	-	-
Interest, fiscal charges and issuance costs	-	-
Transfers out	-	-
Total deductions	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>251,302</u>	<u>251,302</u>
Change in net position	<u>251,302</u>	<u>251,302</u>
NET POSITION		
Beginning of the year	5,455,875	5,455,875
End of the year	<u><u>\$ 5,707,177</u></u>	<u><u>\$ 5,707,177</u></u>

STATISTICAL SECTION

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

Index	Page
Financial Trends	168-173
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	174-180
These schedules contain information to help the reader assess the City's most significant local revenue sources, including sales and property taxes.	
Debt Capacity	181-185
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	186
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	187-192
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.	

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

	Fiscal Year					Fiscal Year				
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$234,018,776	\$235,484,941	\$235,912,183	\$231,943,131	\$239,852,612	\$238,164,863	\$239,161,225	\$211,422,957	\$213,563,058	\$208,870,095
Restricted										
Capital Projects/Community Development	40,930,301	50,796,674	46,421,611	38,707,066	40,438,011	52,734,358	57,683,907	56,290,723	56,421,632	61,855,651
Unrestricted	(19,886,556)	(10,875,175)	(4,886,330)	6,045,326	(7,548,584)	(21,712,273)	(15,589,248)	13,902,457	33,465,311	38,089,405
Total governmental activities net position	255,062,521	275,406,440	277,447,464	276,695,523	272,742,039	269,186,948	281,255,884	281,616,137	303,450,001	308,815,151
Business-type activities:										
Net investment in capital assets	8,441,554	10,536,024	10,396,219	9,713,997	12,564,799	12,688,863	12,916,780	13,037,009	12,412,268	12,364,956
Restricted - Capital Projects/Community Development	—	1,368,855	1,857,468	1,886,247	960,938	813,471	411,933	1,002,621	1,134,636	5,401,562
Unrestricted	7,540,001	4,918,344	4,543,498	4,629,313	4,398,821	4,766,802	5,245,534	6,666,035	8,060,469	4,595,363
Total business-type activities net position	15,981,555	16,823,223	16,797,185	16,229,557	17,924,558	18,269,136	18,574,247	20,705,665	21,607,373	22,361,881
Primary government:										
Net investment in capital assets	242,460,330	246,020,965	246,308,402	241,657,128	252,417,411	250,853,726	252,078,005	224,459,966	225,975,326	221,235,051
Restricted										
Capital Projects/Community Development	40,930,301	52,165,529	48,279,079	40,593,313	41,398,949	53,547,829	58,095,840	57,293,344	57,556,268	67,257,213
Unrestricted	(12,346,555)	(5,956,831)	(342,832)	10,674,639	(3,149,763)	(16,945,471)	(10,343,714)	20,568,492	41,525,780	42,684,768
Total primary government net position	\$271,044,076	\$292,229,663	\$294,244,649	\$292,925,080	\$290,666,597	\$287,456,084	\$299,830,131	\$302,321,802	\$325,057,374	\$331,177,032



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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
Public protection	\$ 21,630,742	\$ 22,441,417	\$ 21,316,774	\$ 26,171,934	\$ 24,927,384	\$ 27,717,140	\$ 30,839,588	\$ 30,398,168	\$ 23,605,947	\$ 39,702,577
Public works	28,340,373	29,925,086	34,531,939	46,096,120	35,589,958	37,749,942	29,348,199	26,771,024	31,980,355	37,259,299
Community development	6,902,178	6,856,542	7,217,740	3,347,637	7,027,553	8,393,237	7,887,759	9,070,211	7,882,256	10,262,349
Housing	3,700,789	1,179,672	11,711,124	10,377,835	13,549,461	8,273,382	2,013,710	7,797,991	1,682,183	—
Arts and recreation	15,578,912	16,469,521	16,073,448	16,804,350	17,289,250	16,464,057	10,847,315	14,949,903	18,274,595	21,743,431
Administrative services	4,278,695	4,411,632	4,911,818	4,855,640	4,961,877	4,020,852	4,647,501	4,752,330	4,708,996	5,736,845
Human resources	1,270,976	1,262,404	1,176,187	1,315,617	1,420,816	1,482,318	1,397,895	1,693,064	1,869,972	2,246,383
General government	4,794,183	6,822,044	6,891,946	5,373,203	7,829,911	4,832,814	9,147,425	8,726,337	9,147,631	10,674,070
Interest on long-term debt	—	—	—	—	—	—	—	142,352	—	—
Total governmental activities expenses	86,496,848	89,368,318	103,830,976	114,342,336	112,596,210	108,933,742	96,129,392	104,301,380	99,151,935	127,624,954
Business-type activities:										
Golf course and clubhouse	4,635,799	4,789,275	5,462,725	5,795,865	5,781,423	4,690,797	4,089,675	5,181,312	5,558,186	5,758,875
Downtown parking and enhancement	5,348,651	5,348,604	6,011,653	6,279,067	7,038,566	7,116,174	5,742,062	6,300,972	7,299,125	7,906,935
Total business-type activities expenses	9,984,450	10,137,879	11,474,378	12,074,932	12,819,989	11,806,971	9,831,737	11,482,284	12,857,311	13,665,810
Total primary government expenses	96,481,298	99,506,197	115,305,354	126,417,268	125,416,199	120,740,713	105,961,129	115,783,664	112,009,246	141,290,764
Program Revenues										
Governmental activities:										
Charges for services:										
Public protection	1,762,226	1,691,233	1,758,551	1,684,175	379,374	330,517	247,690	448,751	521,035	549,047
Public works	10,645,252	13,857,642	12,207,198	12,852,773	11,697,115	12,024,296	7,244,007	7,497,183	6,641,852	5,922,988
Community development	8,458,675	8,171,066	7,987,183	9,178,985	8,778,703	6,711,613	6,828,272	9,004,208	8,273,446	9,096,430
Housing	8,696,509	4,566,510	4,867,458	7,385,208	1,686,254	3,960,348	2,612,051	889,839	365,132	—
Arts and recreation	10,227,308	10,915,097	11,242,136	11,344,760	11,034,298	7,061,948	4,185,157	7,617,108	9,695,836	11,388,360
Administrative services	1,957,975	2,212,132	1,242,212	941,081	1,230,703	126,897	141,046	87,694	329,083	217,535
Human Resources	1,219	—	—	—	—	—	—	—	—	—
General government	854,610	670,542	649,612	581,621	499,772	709,260	505,225	472,064	482,762	710,289
Operating grants and contributions	1,655,170	446,217	327,047	606,914	935,409	1,663,447	1,613,004	7,330,777	1,826,248	1,409,861
Capital grants and contributions	4,655,147	4,976,969	4,600,491	4,063,519	5,580,260	2,074,934	4,469,079	3,947,069	2,549,152	715,556
Total governmental activities program revenues	48,914,091	47,507,408	44,881,888	48,639,036	41,821,888	34,663,260	27,845,531	37,294,693	30,684,546	30,010,066



City of Walnut Creek

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business-type activities:										
Charges for services:										
Golf course and clubhouse		5,195,484			5,882,841	5,543,017	4,513,734	5,759,900	6,030,254	6,168,661
Downtown parking and enhancement		4,499,655			4,631,572	6,992,513	4,355,323	5,042,857	5,329,596	5,458,400
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	179,313	404,789
Total business-type activities program revenues	7,379,145	9,695,139	9,210,709	9,904,325	10,514,413	12,535,530	8,869,057	10,802,757	11,539,163	12,031,850
Net revenues (expenses)										
Governmental activities:	(37,582,757)	(41,860,910)	(58,949,088)	(65,703,300)	(70,774,322)	(74,270,482)	(68,283,861)	(67,006,687)	(68,467,389)	(97,614,888)
Business-type activities:	(2,605,305)	(442,740)	(2,263,669)	(2,170,607)	(2,305,576)	728,559	(962,680)	(202,699)	(1,318,148)	(1,633,960)
Total primary government net expense	\$ (40,188,062)	\$ (42,303,650)	\$ (61,212,757)	\$ (67,873,907)	\$ (73,079,898)	\$ (73,541,923)	\$ (69,246,541)	\$ (67,209,386)	\$ (69,785,537)	\$ (99,248,848)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Sales and use	\$ 22,417,088	\$ 23,743,363	\$ 26,152,376	\$ 25,270,058	\$ 26,208,303	\$ 27,298,995	\$ 26,707,698	\$ 33,947,235	\$ 36,313,010	\$ 45,756,757
Property	17,322,166	18,843,569	20,346,916	21,991,189	23,434,733	25,060,727	26,397,068	28,983,158	30,887,473	32,573,559
Franchise	3,344,495	3,425,481	3,580,225	3,648,456	3,689,451	3,560,437	3,635,125	3,770,625	3,930,307	4,044,428
Other taxes	8,232,453	8,203,061	8,746,883	8,404,150	8,826,989	9,355,198	8,571,587	7,975,476	8,201,533	4,568,358
Intergovernmental	-	-	-	-	-	-	592,957	-	-	-
Investment income, unrestricted	590,334	586,567	1,259,222	478,350	1,061,278	3,387,950	4,173,838	(8,934,489)	2,324,361	9,295,073
Capital Contribution	-	-	-	-	-	-	-	-	-	-
Other general revenues	939,469	3,163,251	2,125,448	784,726	718,455	777,160	767,599	1,395,889	624,166	787,981
Transfers of capital assets (Note 6)	(1,235,208)	-	-	-	-	-	-	-	-	-
Gain/(Loss) from Disposal of Assets	-	-	-	-	(10,939)	-	-	-	-	500,000
Transfers	530,361	(375,592)	(6,241)	413,184	1,023,088	187,676	(130,481)	229,046	247,782	943,384
Special item: transfer of capital asset to Successor Agency	-	-	-	-	-	(2,807,305)	-	-	-	-
Total governmental activities	52,141,158	57,589,700	62,204,829	60,990,113	64,951,358	66,820,838	70,715,391	67,366,940	82,528,632	98,469,540
Extraordinary Loss	-	-	-	-	-	-	-	-	-	-
Business-type activities:										
Investment income	929,627	260,403	194,148	296,038	389,031	503,750	515,207	459,070	519,576	698,439
Other Revenue	1,233,194	2,119,183	1,568,449	1,661,161	1,626,948	1,663,386	2,636,804	3,125,480	3,125,480	3,125,480
Transfers of capital assets (Note 6)	1,235,208	-	-	-	-	-	-	-	-	-
Transfers	(477,893)	375,592	6,241	(413,184)	(1,023,088)	(187,676)	130,481	(354,846)	(354,846)	(354,846)
Total business-type activities	2,920,136	2,755,178	1,768,838	1,544,015	992,891	1,979,460	3,282,492	3,229,704	3,290,210	3,469,073
Total primary government changes in net position										
Governmental activities:	8,186,329	20,006,943	20,343,919	2,041,025	(751,942)	(3,953,484)	(3,555,091)	360,253	15,833,864	5,365,150
Business-type activities:	1,314,671	2,465,867	841,668	(26,038)	(567,628)	1,695,001	344,578	2,131,418	1,332,053	754,508
Total primary government	\$ 9,501,000	\$ 22,472,810	\$ 21,185,587	\$ 2,014,987	\$ (1,319,570)	\$ (2,258,483)	\$ (3,210,513)	\$ 2,491,671	\$ 17,165,917	\$ 6,119,658



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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
<u>Nonspendable</u>										
Advance to Other Funds	\$ 5,616,585	\$ 4,974,544	\$ 3,974,263	\$ 2,199,455	\$ 274,544	\$ 274,544	\$ -	\$ -	\$ -	\$ -
Inventory	38,497	52,932	48,424	43,537	41,909	44,277	142,234	95,767	48,362	4,721,000
Interfund Loan	402,355	361,139	319,091	276,194	232,431	187,785	59,153	88,256	53,911	66,353
Prepaid Expense	174,899	47,601	53,734	20,820	347,454	66,182	79,283	64,327	249,043	44,583
Subtotal Nonspendable	6,232,336	5,436,216	4,395,512	2,540,006	896,338	572,788	280,670	248,350	351,316	4,854,309
<u>Restricted</u>										
Capital Projects	-	4,181,500	-	-	-	-	-	-	-	-
Community & economic development	-	-	-	-	-	-	-	-	-	341,695
Pension Trust	-	-	-	-	17,618,718	21,733,443	26,558,086	23,160,942	24,657,031	27,287,754
Subtotal Restricted	-	4,181,500	-	-	17,618,718	21,733,443	26,558,086	23,160,942	24,657,031	27,629,450
<u>Committed</u>										
Catastrophic Emergency	7,672,469	7,801,074	8,481,416	8,530,459	9,035,876	9,035,876	9,035,876	9,320,514	9,909,000	10,270,212
Compensated Absences	192,274	180,538	290,002	346,103	267,658	344,282	227,386	775,835	475,981	621,271
Dental Claims	229,469	252,505	230,000	229,000	221,000	226,775	222,355	215,654	222,495	227,047
Fiscal Emergency	4,108,515	4,366,023	4,648,365	4,776,790	4,929,010	4,929,010	5,585,910	5,951,961	6,332,561	8,995,774
Legal Claims	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
PERS Liability	168,923	168,923	13,969,204	16,962,410	4,956,816	1,956,816	1,956,816	1,956,816	1,956,816	1,956,816
Radio communications	-	-	-	-	-	-	-	-	-	-
Workers Compensation	1,673,959	2,000,000	2,000,000	2,000,000	2,000,000	-	-	-	-	-
Subtotal Committed	17,045,609	17,769,063	32,618,987	35,844,762	24,410,360	19,492,759	20,028,343	21,220,780	21,896,853	25,071,119
<u>Assigned</u>										
ARCS Scholarships	54,070	33,065	79,351	45,185	35,985	37,010	25,913	18,902	30,966	30,736
Capital Projects - General Fund portion	5,144,649	5,144,649	12,665,299	15,517,750	16,238,411	12,784,718	13,962,149	13,805,146	14,348,571	24,914,509
Contractual Commitments	1,777,188	994,483	1,387,546	1,217,131	2,022,962	464,713	575,281	1,851,149	1,618,257	2,255,787
Parking Garage	-	-	-	462,121	462,121	231,121	231,121	231,121	231,121	231,121



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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Library	-	-	-	-	-	-	-	-	-	-
Facilities	-	-	-	-	-	2,397,610	2,397,610	10,836,547	17,784,569	9,574,637
Land Repurchase	-	-	-	-	-	-	3,346,459	3,346,459	3,346,459	-
Subtotal Assigned	6,975,907	6,172,197	14,132,196	17,242,187	18,759,479	15,915,172	20,538,533	30,089,324	40,256,648	48,674,939
Unassigned										
FY10-12 Budget Shortfall	-	-	-	-	-	-	-	-	-	-
FY14-16 1X Funds	1,158,059	487,259	358,459	-	-	-	-	-	-	-
FY18-20 1X Funds	-	-	-	-	1,019,813	195,472	134,472	-	-	-
Carryovers	-	-	322,666	567,620	553,792	1,851,346	1,830,350	2,759,679	1,608,425	1,932,203
Provision of Government-ARPA	-	-	-	-	-	-	2,463,327	4,936,422	2,135,292	-
City Manager Contingency	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	-
General Fund Contingency	-	-	-	-	-	-	-	-	-	2,000,000
Council Contingency	100,000	100,000	60,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Unrealized Gain	38,391	429,570	-	-	1,151,105	1,037,205	-	-	-	-
Unassigned Fund Balance	12,714,348	16,851,566	2,780,505	5,659,327	3,897,610	2,600,395	8,438,937	9,224	2,481,153	582,879
Subtotal Unassigned	14,082,798	17,940,395	3,593,630	6,398,947	6,794,320	5,856,418	13,039,086	7,877,325	6,396,870	4,615,082
Total General Fund	44,336,650	51,499,371	54,740,325	62,025,902	68,479,215	63,570,580	80,444,718	82,596,721	93,558,718	110,844,898
All Other Governmental Funds:										
Nonspendable	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,220	1,000,000
Restricted	40,985,154	41,224,053	42,539,747	37,563,844	37,941,256	52,572,224	57,886,745	54,480,384	54,584,807	55,128,947
Assigned	-	8,572,621	11,794,146	2,151,907	2,111,375	-	-	-	-	-
Unassigned	(54,853)	-	(8,912,282)	(2,008,685)	(614,620)	(837,866)	(1,202,838)	(1,664,153)	(1,625,832)	(1,838,899)
Total all other governmental funds	40,930,301	50,796,674	46,421,611	38,707,066	40,438,011	52,734,358	57,683,907	53,816,231	53,959,195	54,290,048
Total all governmental funds	\$ 85,266,951	\$ 102,296,045	\$ 101,161,936	\$ 100,732,968	\$ 108,917,226	\$ 116,304,938	\$ 138,128,625	\$ 136,412,952	\$ 147,517,913	\$ 165,134,946

The City implemented GASB 54 for the fiscal year ended June 30, 2011.

Source: City Finance Division



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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES:										
Taxes:										
Sales and Use	\$23,743,363	\$26,152,376	\$25,270,058	\$26,208,303	\$27,298,995	\$26,707,698	\$30,852,947	\$33,947,235	\$36,313,010	\$45,756,757
Property	18,843,569	20,346,917	21,991,189	23,434,733	25,060,727	26,397,068	27,708,546	28,983,158	30,887,472	32,573,559
Business License	2,223,848	2,395,129	2,429,669	2,542,508	2,570,125	2,534,116	2,656,898	2,339,355	3,680,457	1,619,390
Franchise	3,425,481	3,580,225	3,648,456	3,689,451	3,560,437	3,635,125	3,680,447	3,770,625	3,930,307	4,044,428
Transient Occupancy Tax	1,941,665	2,077,190	2,093,907	2,144,716	2,224,694	1,497,342	1,378,373	816,099	1,632,598	2,598,976
Other	2,328,185	2,645,060	2,723,855	2,632,160	3,103,878	2,932,880	3,085,950	3,134,614	2,888,478	2,948,967
Intergovernmental	7,846,825	6,874,718	5,057,228	4,739,543	7,321,321	6,405,989	8,113,490	14,029,708	6,317,936	5,611,639
Use of money and property	1,429,347	2,028,911	1,272,525	1,730,638	4,094,401	4,962,912	6,590,580	(6,669,204)	6,025,525	14,119,335
Charges for Services	23,635,676	26,250,613	22,701,677	24,641,074	21,162,192	23,478,474	12,860,946	15,865,468	14,387,576	14,399,841
Licenses, permits and fees	2,251,823	3,262,566	3,118,723	4,217,422	3,155,415	4,530,088	4,829,063	5,250,419	5,891,364	5,627,515
Fines, forfeitures and penalties	10,828,777	11,064,958	10,323,924	10,337,838	8,176,457	578,051	362,426	155,602	363,422	325,885
Other revenues	1,529,490	2,162,129	751,724	995,013	1,118,079	3,246,589	2,846,473	2,244,985	1,322,412	2,045,765
Total revenues	100,028,049	108,840,792	101,382,935	107,313,399	108,846,721	106,906,332	104,966,139	103,868,064	113,640,557	131,672,057
EXPENDITURES:										
Current:										
Public protection	23,633,883	24,751,145	25,658,971	27,216,643	27,355,463	27,105,274	27,316,316	29,249,298	30,802,180	33,138,321
Public works	21,582,015	22,709,742	27,192,382	38,951,077	29,032,633	28,648,686	21,446,733	27,981,901	28,551,887	35,757,221
Community development	7,280,867	7,149,040	7,917,374	7,704,505	8,208,483	8,631,888	8,643,656	9,543,230	8,243,946	9,563,455
Housing	3,700,789	1,179,672	5,598,818	3,429,320	3,162,126	659,092	633,673	8,214,991	1,697,830	—
Cultural services	15,563,479	16,460,868	16,064,510	16,798,158	17,309,067	16,343,444	10,786,459	15,644,027	18,342,420	20,203,469
Administrative services	4,259,920	4,388,092	4,901,030	4,858,937	4,977,704	3,993,833	4,640,175	4,811,763	4,744,154	5,343,114
Human Resources	1,270,976	1,262,404	1,176,187	1,315,617	1,420,816	1,482,318	1,397,895	1,709,996	1,886,250	2,092,814
General government	5,455,276	5,139,534	5,983,342	6,569,151	6,765,729	7,367,619	8,745,638	8,559,288	8,742,339	10,083,415
Capital outlay:										
General public ways and facilities and equipment	8,618,460	8,965,335	9,057,746	960,886	2,346,886	1,710,808	3,560,124	—	—	—
Debt service:										



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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Principal	39,498	53,793	61,199	90,790	108,597	155,936	124,443	99,254	78,150	72,100
Interest and issuance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	91,405,163	92,059,625	103,611,559	107,895,084	100,687,504	96,098,898	87,295,112	105,813,748	103,089,156	116,253,909
Excess (deficiency) of revenues over (under) expenditures	8,622,886	16,781,167	(2,228,624)	(581,685)	8,159,217	10,807,434	17,671,027	(1,945,684)	10,551,401	15,418,148
OTHER FINANCING SOURCES (USES):										
Capital Lease	49,404	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	2,467,400	-	-	-	-	-	3,346,459	-	-	500,000
Transfers in	7,688,307	10,519,575	12,045,711	23,103,535	7,709,367	9,869,361	7,429,207	5,937,574	7,770,128	14,665,517
Transfers out	(9,975,670)	(10,767,297)	(11,981,371)	(21,920,643)	(7,684,326)	(13,289,083)	(6,623,006)	(5,707,566)	(7,216,745)	(12,966,455)
Total other financing sources (uses)	229,441	(247,722)	64,340	1,182,892	25,041	(3,419,722)	4,152,660	230,008	553,383	2,199,062
Extraordinary item	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$8,852,327	\$16,533,445	\$(2,164,284)	\$ 601,207	\$8,184,258	\$7,387,712	\$21,823,687	\$(1,715,676)	\$11,104,784	\$17,617,210
Debt Service - % non-capital expenditures	- %	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.1 %	0.1 %	0.1 %	0.1 %

Source: City Finance Division



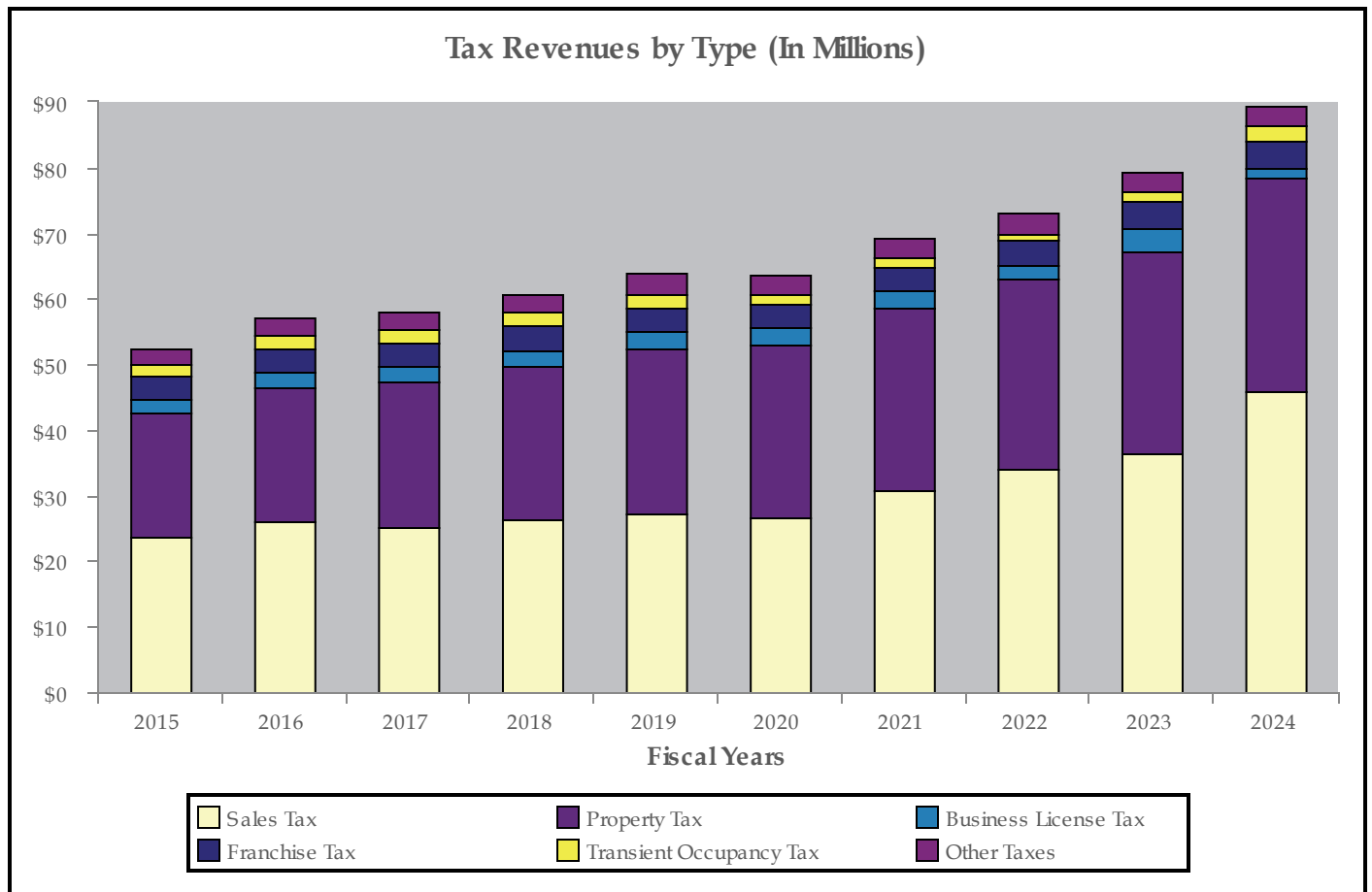
City of Walnut Creek

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
2015	\$ 23,743,363	\$ 18,843,569	\$ 2,223,848	\$ 3,425,481	\$ 1,941,665	\$ 2,328,185	\$ 52,506,111
2016	26,152,376	20,346,917	2,395,129	3,580,225	2,077,190	2,645,060	57,196,897
2017	25,270,058	21,991,189	2,429,669	3,648,456	2,093,907	2,723,855	58,157,134
2018	26,208,303	23,434,733	2,542,508	3,689,451	2,144,716	2,632,160	60,651,871
2019	27,298,995	25,060,727	2,570,125	3,560,437	2,224,694	3,103,878	63,818,856
2020	26,707,698	26,397,068	2,534,116	3,635,125	1,497,342	2,932,880	63,704,229
2021	30,852,947	27,708,546	2,656,898	3,680,447	1,378,373	3,085,950	69,363,161
2022	33,947,235	28,983,158	2,339,355	3,770,625	816,099	3,134,614	72,991,086
2023	36,313,010	30,887,472	3,680,457	3,930,307	1,632,598	2,888,478	79,332,322
2024	45,756,757	32,573,559	1,619,390	4,044,428	2,598,976	2,948,967	89,542,077

Source: City Finance Division





City of Walnut Creek

Assessed Value and Estimated Actual Value of Taxable Property

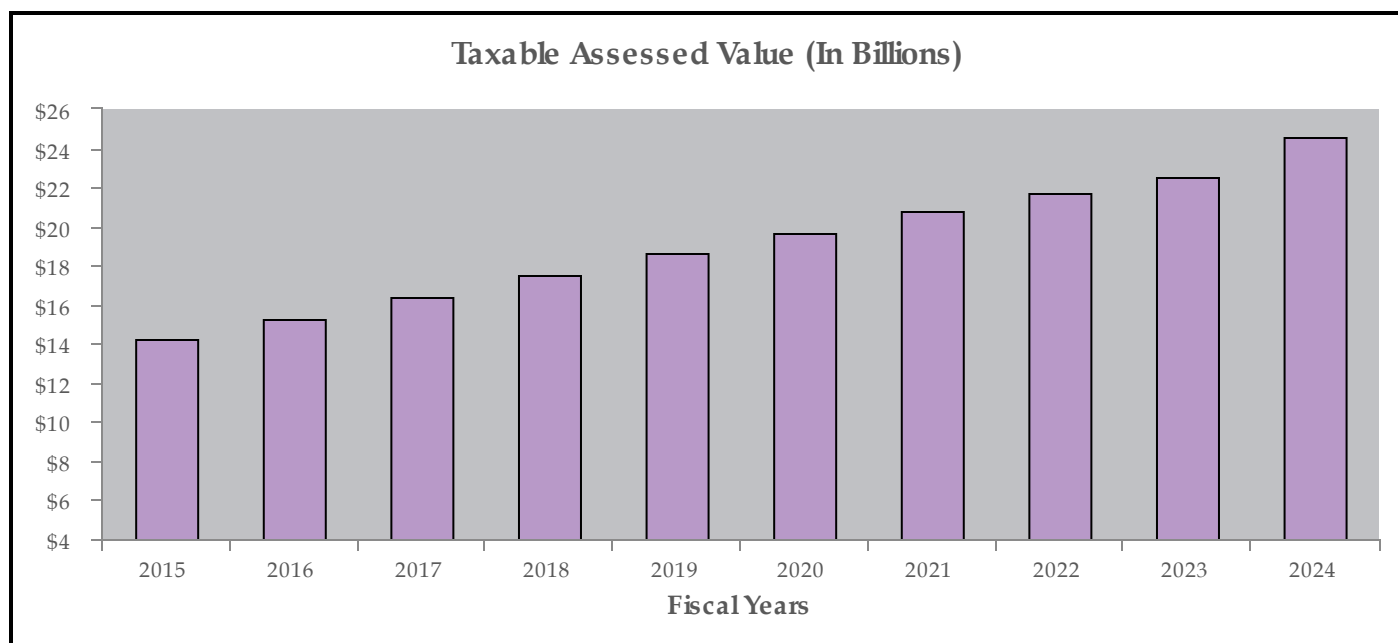
Last Ten Fiscal Years

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
2015	\$10,789,630,731	\$2,671,701,662	\$ 37,131,374	\$1,017,310,021	\$ (311,417,291)	\$ 14,204,356,497	9.517%
2016	11,649,352,553	2,911,075,419	39,630,705	1,022,257,261	(317,490,526)	15,304,825,412	9.524%
2017	12,593,315,933	2,845,511,547	80,278,713	2,353,786,809	(1,518,369,093)	16,354,523,909	9.407%
2018	13,365,983,414	3,157,058,280	79,628,758	2,459,669,988	(1,566,243,520)	17,496,096,920	9.407%
2019	14,300,815,715	3,286,906,230	79,005,226	2,570,804,068	(1,594,512,410)	18,643,018,829	9.407%
2020	15,176,315,265	3,427,956,132	94,549,317	2,720,921,104	(1,729,086,423)	19,690,655,395	9.407%
2021	16,000,638,987	3,532,494,154	63,267,533	2,987,133,154	(1,798,027,057)	20,785,506,771	9.407%
2022	16,783,252,108	5,537,218,535	63,844,380	1,091,542,429	(1,796,532,334)	21,679,325,118	9.583%
2023	18,000,415,012	5,763,536,029	65,065,373	588,992,796	(1,863,361,957)	22,554,647,253	9.391%
2024	18,952,866,952	4,623,790,860	66,349,000	2,893,717,749	(1,995,372,993)	24,541,351,568	9.393%

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City Direct Rate:	0.09705	0.09707	0.09707	0.09707	0.09707	0.09707	0.09707	0.09707	0.09707	0.09705
Walnut Creek General Fund	0.09410	0.09410	0.09410	0.09410	0.09410	0.09410	0.09410	0.09410	0.09410	0.09410
Walnut Creek R-8	0.00295	0.00297	0.00297	0.00297	0.00297	0.00297	0.00297	0.00297	0.00297	0.00295
Direct and Overlapping Rates:										
Basic Levy	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Acalanes Union	0.0350	0.0332	0.0323	0.0325	0.0323	0.0326	0.0327	0.0336	0.0325	0.0315
Bay Area Rapid Transit Bond	0.0045	0.0026	0.0080	0.0084	0.0070	0.0120	0.0139	0.0060	0.0140	0.0134
Contra Costa Community College	0.0252	0.0220	0.0120	0.0114	0.0110	0.0188	0.0161	0.0176	0.0162	0.0146
Contra Costa Water Land Levy	0.0037	0.0035	0.0032	0.0030	0.0028	0.0026	0.0025	0.0023	0.0021	0.0020
East Bay Regional Park Bond	0.0085	0.0067	0.0032	0.0021	0.0021	0.0094	0.0014	0.0020	0.0058	0.0057
Lafayette Elementary Bond 1995	0.0241	0.0209	0.0194	0.0193	0.0187	0.0401	0.0381	0.0229	0.0241	0.0233
Mt. Diablo 2002 Bond	0.0853	0.0812	0.0764	0.0790	0.0925	0.0908	0.0909	0.0898	0.0810	0.0710
Pleasant Hill Recreation & Park	0.0258	0.0238	0.0230	0.0218	0.0195	0.0183	0.0171	0.0160	0.0146	0.0141
San Ramon Unified	0.0651	0.0624	0.0652	0.0552	0.0750	0.0750	0.0750	0.0750	0.0657	0.0544
Walnut Creek Elementary	0.0212	0.0182	0.0344	0.0319	0.0303	0.0262	0.0264	0.0251	0.0241	0.0317
Total Direct and Overlapping Rates	1.2984	1.2745	1.2771	1.2646	1.2912	1.3258	1.3141	1.2903	1.2801	1.2617

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: HdL Coren & Cone, Contra Costa County Assessor's Office



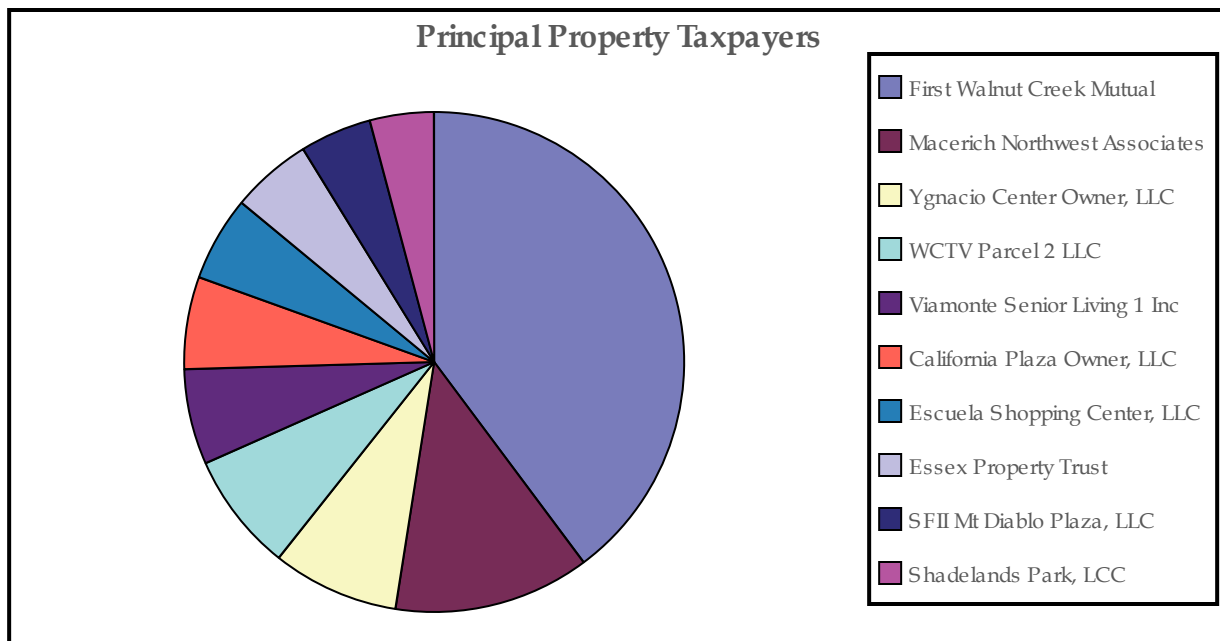
City of Walnut Creek

Principal Property Tax Payers

Current and Nine Years Ago

Taxpayer	2024		2015	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
First Walnut Creek Mutual	\$ 1,097,972,569	4.47%	\$ 295,825,416	2.08%
Macerich Northwest Associates	349,891,146	1.43%	135,101,501	0.95%
Ygnacio Center Owner, LLC	225,871,966	0.92%		
WCTV Parcel 2 LLC	212,123,516	0.86%		
Viamonte Senior Living 1 Inc	170,235,202	0.69%		
California Plaza Owner, LLC	164,891,017	0.67%	102,800,000	0.72%
Escuela Shopping Center, LLC	151,400,000	0.62%	76,111,109	0.54%
Essex Property Trust	143,820,072	0.59%		
SFII Mt Diablo Plaza, LLC	127,956,598	0.52%		
Shadelands Park, LCC	114,163,088	0.47%		
Second Walnut Creek Mutual			224,522,040	1.58%
Property California SCJLW One Corp.			78,419,541	0.55%
Golden Rain Foundation, Tre			75,743,496	0.53%
Legacy III Walnut Creek			92,114,000	0.65%
RREEF America Reit II Corp UUU			84,217,000	0.59%
Kaiser Foundation Health Plan			67,952,718	0.48%
Total	\$ 2,758,325,174	11.24%	\$ 1,232,806,821	8.68%

Source: HdL, Contra Costa County Assessor 2023/24 and 2014/15 Combined Tax Rolls and the SBE Non Unitary Tax Roll





City of Walnut Creek

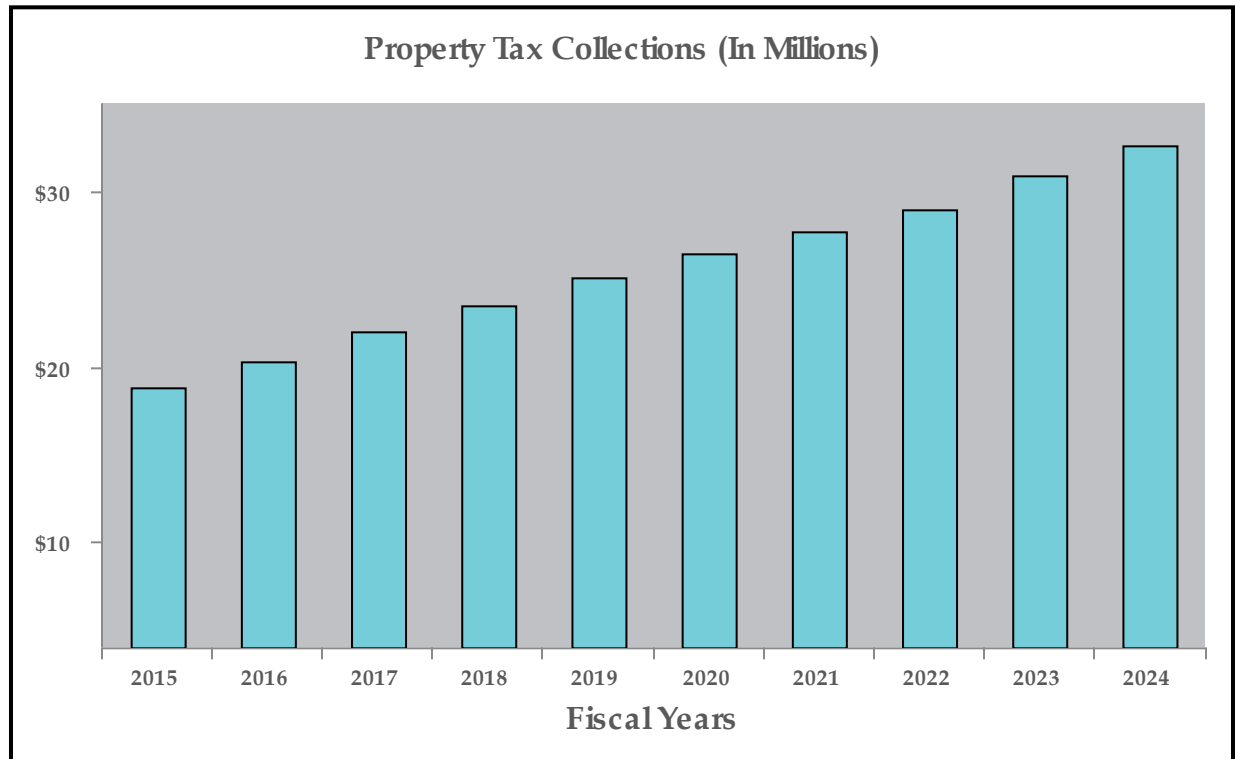
Property Tax Levies and Collections

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
2015	\$ 18,843,569	\$ 18,843,569	100%	\$ 18,843,569	100%
2016	20,346,917	20,346,917	100%	20,346,917	100%
2017	21,991,189	21,991,189	100%	21,991,189	100%
2018	23,434,733	23,434,733	100%	23,434,733	100%
2019	25,060,727	25,060,727	100%	25,060,727	100%
2020	26,397,068	26,397,068	100%	26,397,068	100%
2021	27,708,546	27,708,546	100%	27,708,546	100%
2022	28,983,158	28,983,158	100%	28,983,158	100%
2023	30,887,472	30,887,472	100%	30,887,473	100%
2024	32,573,559	32,573,559	100%	32,573,559	100%

Source: Contra Costa County Office of the Auditor-Controller (for levies), City Finance Division

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

2023-2024

BUSINESS NAME	BUSINESS CATEGORY
APPLE STORES	ELECTRONICS/ APPLIANCES STORES
CHEVRON	SERVICE STATIONS
COLE EUROPEAN JAGUAR LAND ROVER	AUTO SALES - NEW
CVS PHARMACY	DRUG STORES
MERCEDES BENZ VEHICLE TRUST	AUTO LEASE
DAVIDSON & LICHT JEWELRY	JEWELRY STORES
DIABLO SUBARU/LITHA PREOWNED CENTER	AUTO SALES - NEW
DIRITO BROTHERS WALNUT CREEK	AUTO SALES - NEW
JP MORGAN CHASE BANK	AUTO LEASING
MACY'S	DEPARTMENT STORES
MERCEDES BENZ OF WALNUT CREEK	AUTO SALES - NEW
THE LUXURY COLLECTION OF WALNUT CREEK	AUTO SALES - NEW
NORDSTROM	DEPARTMENT STORES
PORSCHE WALNUT CREEK	AUTO SALES - NEW
SAFEWAY STORES	GROCERY STORES
PORSCHE WALNUT CREEK	AUTO SALES - NEW
TARGET STORES	DISCOUNT DEPARTMENT STORES
TESLA MOTORS	AUTO SALES - NEW
WALNUT CREEK CADILLAC	AUTO SALES - NEW
TOYOTA OF WALNUT CREEK	AUTO SALES - NEW
VOLVO CARS WALNUT CREEK	AUTO SALES - NEW
WALNUT CREEK CHRYSLER JEEP DODGE RAM	AUTO SALES - NEW
WALNUT CREEK FORD	AUTO SALES - NEW
WALNUT CREEK HONDA	AUTO SALES - NEW
GENERAL PLUMBING SUPPLY	PLUMBING/ELECTRICAL SUPPLIES

Percent of Total City Sales Tax Paid By Top 25 Accounts = 51.94%

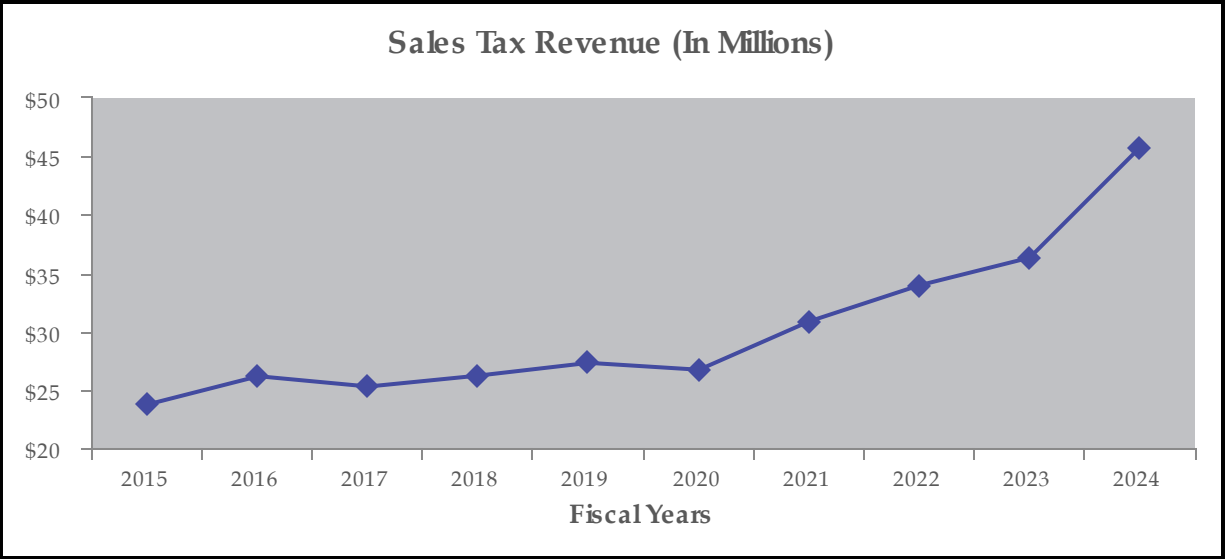
Note: State Law does not allow disclosure of the top ten sales tax providers to the City

Firms Listed Alphabetically; Period: January 2023 thru December 2023

Source: HdL Coren & Cone, State Board of Equalization



City of Walnut Creek
Top 25 Sales Tax Producers
2023-2024





City of Walnut Creek

Ratios of Debt Outstanding

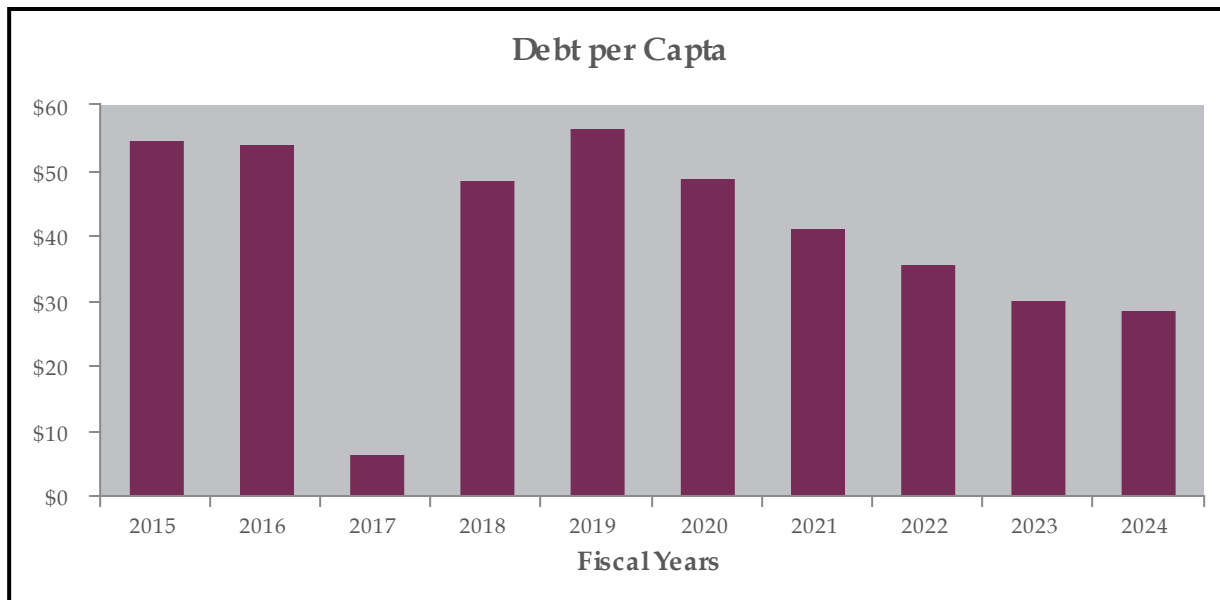
Last Ten Fiscal Years

Fiscal Year Ended June 30th	Governmental Activities			Business-Type Activities				
	Tax Allocation Bonds	Direct Financing Lease Obligations	Loans	Lease Revenue Bonds	Direct Financing Lease Obligations	Total Primary Government	Percentage of Personal Income	Per Capita
2015	\$ -	\$ 308,845	\$ -	\$ -	\$ 3,323,164	\$ 3,632,009	7.21%	54.77
2016	-	444,045	-	-	3,345,355	3,789,400	7.74%	54.12
2017	-	181,690	281,537	-	-	463,227	0.93%	6.53
2018	-	114,224	211,507	-	3,103,634	3,429,365	6.66%	48.53
2019	-	61,506	914,643	-	2,992,290	3,968,439	7.19%	56.59
2020	-	7,427	763,935	-	2,685,504	3,456,866	5.82%	48.78
2021	-	1,907	645,013	-	2,293,738	2,940,658	4.63%	41.23
2022	-	-	537,182	-	1,959,361	2,496,543	2.80%	35.72
2023	-	-	450,454	-	1,637,042	2,087,496	3.52%	30.15
2024	-	4,145,005	369,776	-	1,619,356	6,134,137	1.32%	88.35

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 Division





City of Walnut Creek

Direct and Overlapping Debt

June 30, 2024

City's 2023-2024 Assessed Valuation			\$ 24,541,351,568
Redevelopment Incremental Assessed Valuation			\$ 673,067,841
	Percentage Applicable to City of Walnut Creek (1)	Outstanding Debt June 30, 2024	Estimated Share of Overlapping Debt
Direct and Overlapping Tax and Assessment Debt:			
Bay Area Rapid Transit District	2.430%	\$ 2,445,575,000	\$ 59,427,473
Mount Diablo Unified School District	17.322%	402,855,000	69,782,543
San Ramon Valley Unified School District	0.666%	347,840,000	2,316,614
Contra Costa Community College District	9.177%	618,770,000	56,784,523
Acalanes Unified School District	30.685%	126,514,470	38,820,965
East Bay Regional Park District	3.820%	144,520,000	5,520,664
Walnut Creek School District	72.143%	123,530,000	89,118,248
Lafayette School District	1.769%	66,050,000	1,168,425
Pleasant Hill Recreation and Park District	0.136%	21,065,000	28,648
Mount Diablo Unified School District Community Facilities District No. 1	17.322%	1,625,000	281,483
Mount Diablo Unified School District Certificates of Participation	17.322%	9,015,000	1,561,578
Total overlapping tax and assessment debt			\$ 324,811,164
Direct and Overlapping Lease Obligation Debt:			
Contra Costa County General Fund Obligations	9.148%	\$ 171,495,000	\$ 15,688,363
Contra Costa County Fire Protection District Pension Obligations			-
San Ramon Valley Unified School District General Fund Obligations	0.666%	13,171,586	87,723
City of Walnut Creek Obligations	100.000%	1,253,547	1,253,547
Pleasant Hill Recreation and Park District Certificates of Participation	0.136%	4,758,000	6,471
Total Gross Direct and Overlapping General Fund Debt			17,036,104
Less: Contra Costa County revenue supported obligations			3,890,174
Total Net Direct and Overlapping General Fund Debt			\$ 13,145,930
TOTAL DIRECT DEBT			1,253,547
TOTAL GROSS OVERLAPPING DEBT			340,593,721
TOTAL NET OVERLAPPING DEBT			336,703,547
GROSS COMBINED TOTAL DEBT (2)			341,847,268
NET COMBINED TOTAL DEBT			337,957,094

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

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



City of Walnut Creek

Direct and Overlapping Debt

June 30, 2024

(continued)

Debt to 2023-2024 Assessed Valuation Ratios:	Percent
Total Overlapping Tax and Assessment Debt	1.32%
Total Direct Debt	0.010%
Gross Combined Total Debt	1.39%
Net Total Combined Debt	1.38%

Source: California Municipal Statistics Inc.



City of Walnut Creek

Legal Debt Margin

Last Ten Fiscal Years

(in Thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Assessed valuation	\$14,204,356	\$15,304,825	\$16,354,524	\$17,496,097	\$18,643,019	\$19,690,655	\$20,785,507	\$21,679,193	\$23,030,952	\$24,541,352
Add back exempted real property	311,417	317,491	1,518,369	1,566,244	1,594,512	1,729,086	1,798,027	1,796,532	1,863,362	1,995,373
Total assessed valuation	\$14,515,773	\$15,622,316	\$17,872,893	\$19,062,341	\$20,237,531	\$21,419,741	\$22,583,534	\$23,475,725	\$24,894,314	\$26,536,725
Debt limit percentage	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %
Debt limit	2,177,365.95	2,343,347.40	2,680,933.95	2,859,351.15	3,035,629.65	3,212,961.15	3,387,530.10	3,521,358.75	3,734,147.10	3,980,508.75
Total net debt applicable to limit:										
Lease Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$2,177,366	\$2,343,347	\$2,680,934	\$2,859,351	\$3,035,630	\$3,212,961	\$3,387,530	\$3,521,359	\$3,734,147	\$3,980,509
Total debt applicable to the limit as a percentage of debt limit	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

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 Division



City of Walnut Creek

Pledged Revenue Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30th	Golf Course Charges and Others	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2015	\$ -	\$ -	\$ -	\$ -	\$ -	- %
2016	5,129,887	4,572,268	557,619	18,753	56,202	744 %
2017*	5,730,864	5,462,725	268,139	126,186	73,769	134 %
2018	6,188,399	5,795,865	392,534	155,282	70,673	174 %
2019	5,949,849	5,628,654	321,195	263,512	66,443	97 %
2020	4,908,715	4,690,797	217,918	269,662	60,293	66 %
2021	4,711,768	4,089,675	622,093	275,594	54,001	189 %
2022	6,073,371	5,194,279	879,092	359,413	49,981	215 %
2023	6,030,254	5,558,186	472,068	327,239	46,901	126 %
2024	6,168,661	5,758,875	409,786	423,521	36,981	89 %

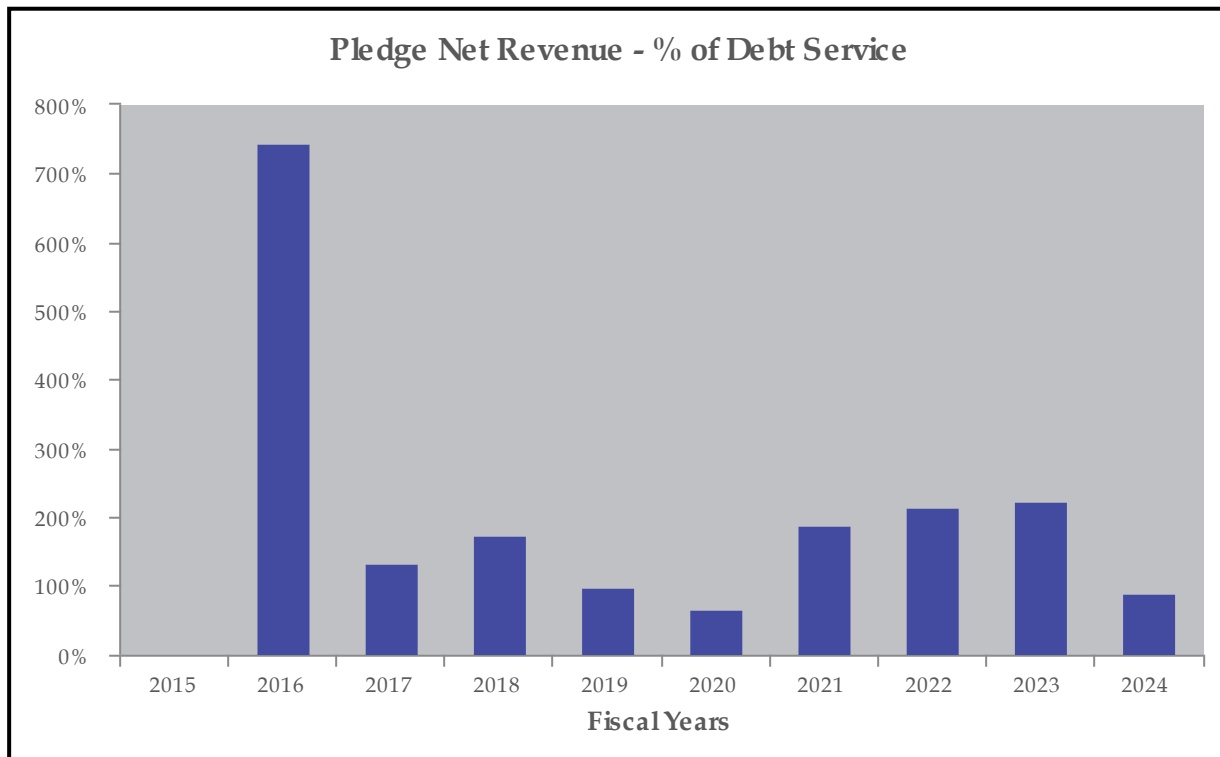
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Economic and Demographics Statistical Schedule for population data.

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

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

Source: City Finance Division





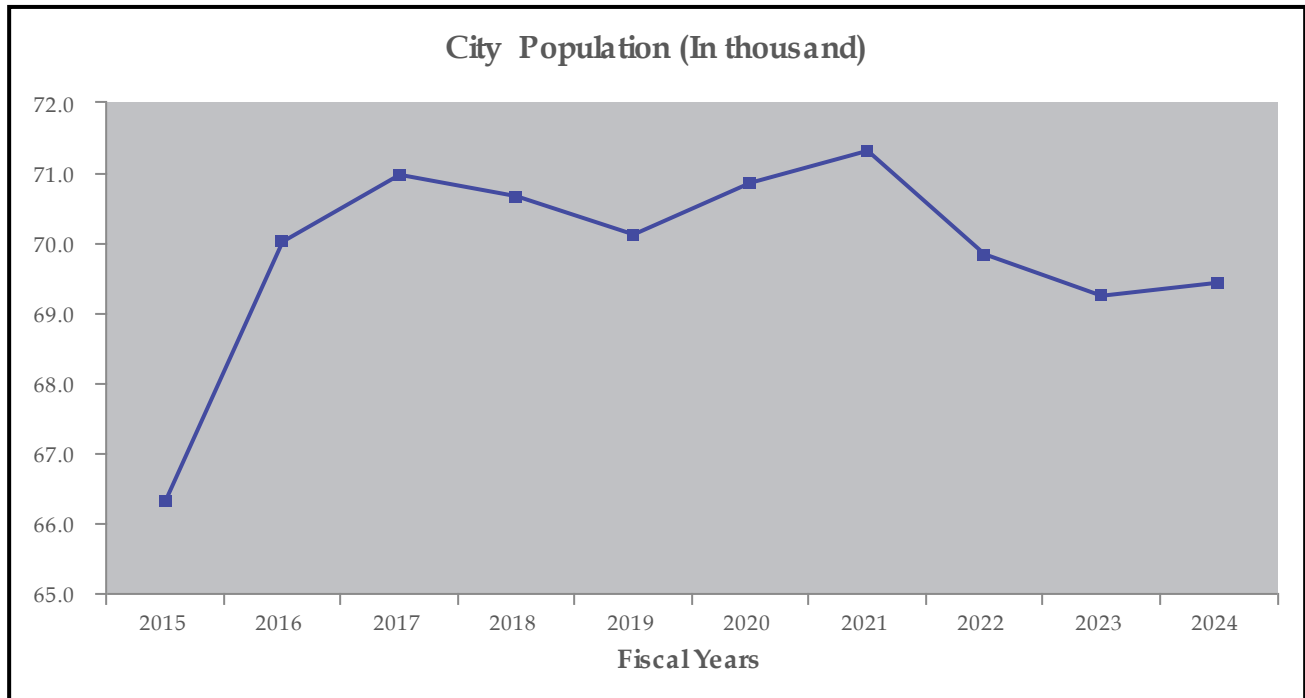
City of Walnut Creek

Demographic and Economic Statistics

Last Ten Fiscal Years

Calendar Year	City Population	Personal Income (In thousands)	Per Capita Personal Income	Unemployment Rate	Rank in Size of California Cities
2015	66,319	\$ 3,341,682	\$ 50,388	4.20%	128
2016	70,018	3,427,871	48,956	3.40%	122
2017	70,974	3,518,787	49,578	3.00%	122
2018	70,667	3,638,460	51,487	3.30%	124
2019	70,121	3,868,424	55,167	2.80%	126
2020	70,860	4,211,195	59,429	2.60%	124
2021	71,317	4,525,598	63,457	6.60%	122
2022	69,891	4,881,086	69,838	4.80%	122
2023	69,245	5,091,805	73,533	3.00%	132
2024	69,433	5,608,978	80,782	3.80%	129

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





City of Walnut Creek

Full-Time Equivalent City Employees by Department

Last Ten Fiscal Years

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	12.3	19.0	14.0	13.0	13.0	14.0	14.0	17.0	17.0	14.0
Administrative Services	21.2	22.8	24.0	24.0	23.0	24.0	24.0	19.0	21.0	23.0
Human Resources	6.0	8.0	4.0	6.0	9.0	8.0	7.0	8.0	8.0	9.0
Public Safety	114.0	115.0	118.0	121.0	121.0	122.0	109.0	112.0	113.0	119.0
Public Works	103.8	106.0	102.0	96.0	96.0	93.0	87.0	90.0	95.0	100.0
Arts and Recreation	52.1	54.3	53.0	53.0	54.0	55.0	48.0	43.0	48.0	49.0
Community Development	32.8	39.0	35.0	37.0	39.0	40.0	36.0	35.0	32.0	35.0
Totals	342.2	364.1	350.0	350.0	355.0	356.0	325.0	324.0	334.0	349.0

• Prior to FY2015, Human Resources was a division of the Administrative Services Department

Source: City Finance Division



City of Walnut Creek

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year Ended June 30th									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police:										
Police Calls for Service	46,978.0	45,825.0	44,943.0	42,343.0	40,467.0	38,519.0	30,747.0	37,742.0	42,696.0	38,499.0
Dispatch calls for service	102,856.0	110,670.0	107,988.0	107,963.0	105,056.0	101,045.0	96,471.0	100,755.0	99,149.0	96,138.0
Online Reports	\$ 951.00	1,124.0	1,279.0	1,351.0	1,293.0	1,460.0	1,618.0	1,639.0	1,624.0	1,097.0
Citations Issued	6,042.0	4,973.0	3,861.0	2,121.0	2,649.0	1,496.0	132.0	977.0	1,849.0	1,237.0
Cases assigned to investigations	1,008.0	903.0	953.0	1,113.0	1,012.0	663.0	539.0	490.0	583.0	594.0
Child Seat Safety Inspections	113.0	105.0	22.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Records Requests	3,552.0	3,822.0	3,732.0	2,723.0	N/A	N/A	N/A	N/A	\$ 1,403.0	\$ 1,927.0
Public Works:										
Trees Trimmed	900-1,100	900-1,100	1,000-1,100	900-1000	1000-1100	\$ 1,200.00	\$ 800.00	\$ 925.00	735	817
Park Maintenance (Acres)	326.0	326.0	326.0	326.0	249.0	249.0	249.0	249.0	249.0	249.0
Ranger led programs	110.0	94.0	107.0	92.0	87.0	—	—	15.0	25.0	29.0
Parking Meters Maintained	1,500.0	1,500.0	1,500.0	1,500.0	988.0	988.0	988.0	905.0	950.0	950.0
Street Signs Maintained	8,000.0	8,000.0	8,000.0	8,020.0	8,050.0	8,050.0	8,050.0	8,050.0	8,050.0	8,050.0
Traffic Signals Maintained	100.0	101.0	99.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Streetlights Maintained	1,600.0	1,600.0	1,600.0	1,652.0	1,652.0	1,652.0	1,655.0	1,655.0	1,655.0	1,655.0
Asphalt Patch Repairs (square feet)	200,000.0	200,000.0	180,000.0	144,600.0	147,500.0	98,000.0	95,000.0	103,000.0	139,800.0	109,496.0
Crack Seal Lane (miles)	N/A	N/A	N/A	N/A	N/A	\$ 11.7	\$ 9.0	\$ 7.5	9.8	8.5
Replace Sidewalks (square feet)	10,500.0	7,800.0	9,675.0	7,521.0	7,045.0	5,600.0	5,500.0	7,610.0	2,000.0	5,158.0
Total Offset Sidewalk Offsets Planed (grinds)	N/A	N/A	\$ 2,863.00	\$ 2,765.00	2,160.00	1,834.0	1,427.0	732.0	1,037.0	1,126.0
Homeless Encampments (cleaned, removed)	N/A	N/A	\$ 21.00	\$ 28.00	42.00	28.0	20.0	17.0	17.0	15.0
Curb and Gutter Replaced (lineal feet)	N/A	N/A	\$ 1,935.00	\$ 1,750.00	1,409.00	700.0	550.0	523.0	80.0	399.0
Debris and Spills Cleaned from Streets (cubic feet)	N/A	N/A	\$ 6,135.00	\$ 5,000.00	5,200.00	8,289.0	7,500.0	4,239.0	3,078.0	2,835.0
Storm Drains inspected	4,200.0	4,200.0	4,200.0	4,200.0	4,200.00	4,200.0	4,200.0	4,200.0	4,200.0	4,200.0
Street Sweeping (curb miles)	14,500.0	15,760.0	15,760.0	15,760.0	15,760.00	15,760.0	15,760.0	15,760.0	15,760.0	15,760.0



City of Walnut Creek

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year Ended June 30th									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Trash Capture Devices (cleaned and inspected)	N/A	N/A	\$ 286.00	\$ 175.00	180.00	180.0	177.0	155.0	155.0	150.0
Buildings Cleaned	N/A	N/A	\$ 28.00	\$ 28.00	28.00	33.0	33.0	33.0	33.0	33.0
Buildings Maintained	N/A	N/A	\$ 69.00	\$ 69.00	70.00	70.0	70.0	70.0	70.0	70.0
Outbuildings and Sheds Maintained	N/A	N/A	\$ 33.00	\$ 33.00	38.00	32.0	32.0	32.0	32.0	32.0
Total Building Maintenance Work Orders Completed	N/A	N/A	\$ 1,520.0	\$ 1,256.0	\$ 1,517.0	1,514.0	1,426.0	1,673.0	4,026.0	2,717.0
Total Equipment Maintenance Work Orders Completed	N/A	N/A	\$ 1,305.0	\$ 1,100.0	\$ 1,203.0	1,152.0	1,327.0	1,475.0	1,427.0	1,410.0
Total Regular Gasoline Dispensed (gallons)	N/A	N/A	N/A	N/A	N/A	\$ 94,984.0	\$ 84,125.0	\$ 86,258.0	87,561.0	79,099.0
Total Renewable Diesel Fuel Dispensed (gallons)	N/A	N/A	N/A	N/A	N/A	\$ 23,161.0	\$ 22,878.0	\$ 21,090.0	22,071.0	22,508.0
Arts and Recreation:										
Aquatics Classes (learn-to-swim)	2,326.0	2,628.0	2,637.0	2,776.0	3,688.0	1,928.0	876.0	2,592.0	3,679.0	4,203.0
Indoor Facilities Rental Hours	7,169.0	6,458.0	7,607.0	6,694.0	7,178.0	5,827.0	357.0	2,392.0	5,132.0	3,484.0
Arts/Rec Classes (enrollment)	13,525.0	14,309.0	18,123.0	15,513.0	16,372.0	11,422.0	8,807.0	14,461.0	19,192.0	19,276.0
Ballfield (hours rented)	21,622.0	16,762.0	17,679.0	17,913.0	17,093.0	12,096.0	16,423.0	19,997.0	16,574.0	18,518.0
Scheduled Gym Hours	17,702.0	16,676.0	16,542.0	17,721.0	16,289.0	15,429.0	4,262.0	3,981.0	5,332.0	6,733.0
Bedford Gallery (number of visitors)	30,443.0	43,242.0	29,500.0	26,541.0	30,994.0	17,700.0	13,570.0	8,741.0	17,600.0	22,127.0
Leshner Theater (tickets sold)	182,385.0	185,367.0	193,788.0	195,543.0	187,559.0	103,939.0	3,189.0	82,735.0	131,709.0	114,586.0
Paid Golf Rounds	64,502.0	59,878.0	55,884.0	59,582.0	58,037.0	54,872.0	82,361.0	72,688.0	67,455.0	69,939.0
Community and Economic Development:										
Planning Applications	155.0	211.0	143.0	169.0	127.0	126.0	116.0	112.0	114.0	103.0
Number of Code Enforcement cases closed	693.0	433.0	414.0	511.0	501.0	497.0	392.0	579.0	503.0	523.0



City of Walnut Creek

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year Ended June 30th									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
All Building Division Permit Applications	4,346.0	4,806.0	4,757.0	4,410.0	4,448.0	4,190.0	4,406.0	5,089.0	5,418.0	4,822.0
Building Inspection stops	11,094.0	15,361.0	9,786.0	9,290.0	12,139.0	11,900.0	10,824.0	12,644.0	12,818.0	11,353.0
General Government/ Administrative Services:										
Number of Information Technology work orders completed	2,913.0	2,600.0	3,028.0	4,108.0	4,416.0	3,453.0	3,253.0	3,155.0	3,770.0	4,166.0
Number of Telecommunications work orders completed	278.0	291.0	262.0	259.0	308.0	N/A	N/A	N/A	N/A	N/A
Human Resources:										
Number of Insurance Claims (Workers Comp)	36.0	34.0	38.0	34.0	25.0	30.0	88.0	92.0	46.0	42.0
Number of recruitments	48.0	32.0	52.0	38.0	39.0	35.0	26.0	36.0	54.0	54.0



City of Walnut Creek

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function:	Fiscal Year Ended June 30th									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Community Facilities	18	18	18	18	18	18	18	18	18	18
City owned parking lots	22	22	22	22	22	22	22	22	22	22
Traffic Signals	98	98	99	100	100	100	100	100	100	100
Miles of storm drains	114	114	114	114	114	114	114	114	114	114
Miles of Streets	213	213	213	213	213	213	213	213	194	194
City vehicles	17	17	175	178	178	181	181	181	197	196
Parking meters	1,592	1,620	1,620	1,620	988	988	988	988	988	988
Number of catch basins	4,410	4,410	4,410	4,410	4,410	4,410	4,410	4,410	4,410	4,410
Pavement legends	3,800	3,800	3,800	3,800	3,800	3,800	2,800	3,800	3,800	3,800
Traffic Signs	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Street Name Signs	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Streetlights	4,822	4,822	4,832	4,832	4,805	4,805	4,805	4,805	4,805	4,805
Parks and Recreation:										
Number of Tennis Courts	28	27	27	27	23	23	23	23	23	23
Number of Pickleball Courts	—	4	4	4	1	1	1	10	10	10
Number of Playfields	14	14	14	14	14	14	14	14	14	14
Number of City Parks	22	22	22	22	22	22	22	22	22	22
Acres of City Parks	263	263	263	263	249	249	249	249	249	249
Acres of Open Space	2,730	2,730	2,730	2,730	2,726	2,726	2,726	2,726	2,726	2,726



City of Walnut Creek
Miscellaneous Statistical Data
Last Ten Fiscal Years

Year of Incorporation	1914	Area (Square Miles)	19.9
Form of Government	Council/Manager	Elevation	200 feet
% of High School / College Graduates	97.2% / 69.5%	Number of housing units (2023)	34,339
Average Annual Precipitation	23.5"	Median Age (2023)	47.2
Average Highs/Lows		Number of Registered Voters (2020)	47,655
Winter	57/35		
Spring	64/44		
Summer	85/60		
Fall	74/52		
City Crime Index (US Average 274)	208.2		

COMMUNITY FACILITIES:

- Bedford Art Gallery
- Boundary Oak Golf Course
- Civic Park and Heather Farm Park Community Centers
- Clarke and Larkey Aquatic Centers
- Foothill and Tice Valley Gymnasiums
- Leshner Center for the Arts
- Old Borges Ranch / Howe Homestead
- Shadelands Art Center and Museum
- Skate Park and Tennis Center
- Walnut Creek City Hall and Library (2 branches)
- Walnut Creek Senior Center

APPENDIX D
PROPOSED FORM OF OPINION OF BOND COUNSEL

December 1, 2025

Walnut Creek Joint Powers Financing Authority
1666 North Main Street
Walnut Creek, California 94596

City of Walnut Creek
1666 North Main Street
Walnut Creek, California 94596

OPINION: \$[] Walnut Creek Joint Powers Financing Authority 2025 Lease Revenue Bonds
 (Heather Farm Aquatic and Community Center Project)

Members of the Board of Directors and City Council:

We have acted as bond counsel to the Walnut Creek Joint Powers Financing Authority (the "Authority") and the City of Walnut Creek (the "City") in connection with the issuance by the Authority of the lease revenue bonds captioned above, dated the date hereof (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, opinions, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, the Indenture of Trust, dated as of December 1, 2025 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), and a resolution (the "Resolution") of the Board of Directors of the Authority adopted on November 18, 2025.

Under the Indenture, the Authority has pledged certain revenues (the "Revenues") for the payment of principal, premium (if any), and interest on the Bonds when due, including lease payments made by the City under a Lease Agreement dated as of December 1, 2025 (the "Lease Agreement") between the Authority and the City.

Regarding questions of fact material to our opinion, we have relied on representations of the Authority contained in the Indenture and the City contained in the Lease Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Authority is a duly created and validly existing joint exercise of powers authority with the power to adopt the Resolution, enter into the Indenture and the Lease Agreement, perform the agreements on its part contained therein, and issue the Bonds.

2. The City is a duly created and validly existing municipal corporation and general law city with the power to enter into the Lease Agreement and perform the agreements on its part contained therein.

3. The Indenture has been duly authorized, executed and delivered by the Authority, and constitutes a valid and binding obligation of the Authority, enforceable against the Authority.

4. The Lease Agreement has been duly authorized, executed and delivered by the Authority and the City, and constitutes a valid and binding obligation of the Authority and the City, enforceable against the Authority and the City.

5. The Indenture creates a valid lien on the Revenues and other funds pledged by the Indenture for the security of the Bonds on a parity basis with other bonds (if any) issued or to be issued in accordance with the Indenture.

6. The Bonds have been duly authorized and executed by the Authority, and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Indenture.

7. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and the City have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes which may be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

8. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, our opinions represent our legal judgment based upon our review of existing law that we

deem relevant to such opinions and in reliance upon the representations, covenants and opinions referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$[]
WALNUT CREEK JOINT POWERS FINANCING AUTHORITY
2025 LEASE REVENUE BONDS
(Heather Farm Aquatic and Community Center Project)

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Walnut Creek (the “City”) in connection with the issuance by the Walnut Creek Joint Powers Financing Authority (the “Authority”) of the bonds captioned above (the “Bonds”). The Bonds are being issued under an Indenture of Trust dated as of December 1, 2025 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City on behalf of itself and the Authority for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means nine months after the end of the City’s fiscal year (currently April 1, based on the City’s fiscal year-end of June 30).

“*Dissemination Agent*” means, initially, NHA Advisors, LLC, and any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement dated [], 2025, executed by the City and the Authority in connection with the issuance of the Bonds.

“*Participating Underwriter*” means [Purchaser], the original purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2026, with the report for the 2024-25 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written general fund with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) a notice to the MSRB, in an electronic format as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the City for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited final statements of the City, the Annual Report shall also include financial and operating data with respect to the City for preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the Official Statement, as follows:

(i) the principal amount of Bonds outstanding as of June 30 preceding the filing of the Annual Report;

(ii) the balance in each fund under the Indenture as of June 30 preceding the filing of the Annual Report; and

(iii) updates as of June 30 preceding the filing of the Annual Report of the substance of the information contained in following tables in the Official Statement:

(1) Statement of General Fund Revenues, Expenditures and Changes in Fund Balance, substantially in the form of Table 4 in the Official Statement;

(2) Assessed Value of Taxable Property, substantially in the form of Table 6 in the Official Statement;

(3) Principal Property Taxpayers, substantially in the form of Table 7 in the Official Statement; and

(4) Major Tax Revenues by Source — General Fund, substantially in the form of Table 5 in the Official Statement.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public through the MSRB. The City shall clearly identify each such other document so included by reference. If the document included by reference is a final official statement, it must be available from the MSRB.

Section 5. Reporting of Listed Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.

- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City.
- (13) The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 Business Days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Fiscal Agent Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental

authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be the City. Any Dissemination Agent may resign by providing 30 days’ written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative

form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and

shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

*If to the Authority
or the City:*

City of Walnut Creek
1666 North Main Street
Walnut Creek, California 94596
Attention: Administrative Services Department

Any person may, by written notice to the other persons listed above, designate a different address to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: December 1, 2025

CITY OF WALNUT CREEK

By: _____

AGREED AND ACCEPTED:
NHA Advisors, LLC,
as Dissemination Agent

By: _____
Name: _____
Title: _____

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the Authority (the "Issuer") nor the Trustee (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.