

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2011

Walnut

CALIFORNIA





Comprehensive Annual Financial Report
For the fiscal year ended
June 30, 2011

Prepared by:
City of Walnut Finance Department
Christine F. Londo
Finance Director/City Treasurer

CITY OF WALNUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2011

TABLE OF CONTENTS

Page
Number

INTRODUCTORY SECTION

| | |
|-------------------------------------------------------------------------------|------|
| Letter of Transmittal..... | i |
| GFOA Certificate of Achievement for Excellence in Financial Reporting..... | vi |
| City of Walnut Officials..... | vii |
| City of Walnut Organizational Chart..... | viii |
| Map of the City of Walnut..... | ix |
| Map of the City of Walnut, Southern California..... | x |

FINANCIAL SECTION

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3 |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements: | |
| Statement of Net Assets | 13 |
| Statement of Activities | 15 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds..... | 16 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets | 19 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 20 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 23 |

CITY OF WALNUT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2011

TABLE OF CONTENTS

| | <u>Page Number</u> |
|-------------------------------------------------------------------------------------------------------------------|------------------------|
| Budgetary Comparison Statement - General Fund | 24 |
| Budgetary Comparison Statement – Community Development Block Grant | 26 |
| Statement of Fiduciary Net Assets - Fiduciary Funds | 27 |
| Notes to Financial Statements..... | 29 |
| COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES | |
| Combining Balance Sheet - Nonmajor Governmental Funds..... | 52 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds | 58 |
| Budgetary Comparison Schedules - Special Revenue Funds | |
| Gas Tax | 64 |
| Traffic Safety..... | 65 |
| COPS | 66 |
| Air Quality Improvements | 67 |
| Waste Management Administration..... | 68 |
| Proposition C | 69 |
| Bikeway | 70 |
| LOSMD | 71 |
| Proposition A | 72 |
| State Park Grant..... | 73 |
| Edward Byrne Justice Assistance Grant | 74 |
| Traffic Congestion Relief | 75 |
| Used Oil Recycling Grant | 76 |
| General Recycling Grant | 77 |
| Cable TV Education..... | 78 |
| Walnut Housing Authority | 79 |
| LACMTA Exchange | 80 |
| Proposition R | 81 |
| Federal Stimulus..... | 82 |
| Budgetary Comparison Schedules - Capital Projects Funds: | |
| Capital Improvement | 83 |
| WIA Project | 84 |
| Budgetary Comparison Schedule - WIA Debt Service | 85 |
| Combining Balance Sheet - Trust and Agency Fund..... | 86 |

CITY OF WALNUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2011

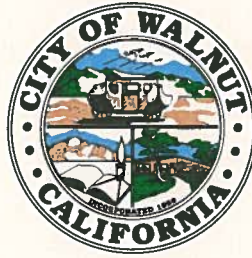
TABLE OF CONTENTS

| | <u>Page Number</u> |
|------------------------------------------------------------------------------------------|------------------------|
| Combining Statement of Changes in Assets and Liabilities – Trust and Agency Fund..... | 87 |

STATISTICAL SECTION

| | |
|-------------------------------------------|-----|
| Financial Trends Information..... | 90 |
| Revenue Capacity Information..... | 100 |
| Debt Capacity Information..... | 104 |
| Demographic and Economic Information..... | 116 |
| Operating Information..... | 120 |
| Miscellaneous Statistics..... | 130 |

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CITY OF WALNUT

December 1, 2011

Honorable Mayor and
Members of the City Council
City of Walnut
Walnut, California 91788-0682

It is a pleasure to submit for your information the Comprehensive Annual Financial Report of the City of Walnut for the fiscal year ended June 30, 2011. The report has been prepared to comply with the financial reporting model developed by the Governmental Accounting Standards Board (GASB) Statement 34. The financial reporting model completely changed the format of the City's financial statements. It is intended to improve financial reporting by adding significant additional information not previously available in local government financial statements.

In addition to the fund-by-fund financial information previously presented in the city's financial statements, there are now government-wide financial statements. The government-wide financial statements include a Statement of Net Assets that provides the total net equity of the City including infrastructure and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual methods used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, the reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. These statements combined with the other information are further analyzed in a narrative section called Management's Discussion and Analysis (MDA). The MDA provides financial highlights and is intended to disclose any known significant events or decisions that affect the financial condition of the City.

Responsibility for both the accuracy of presented data and the completeness and fairness of the presentation including all disclosures rests with the City. It is our opinion that the data presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Walnut for its comprehensive annual financial report for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Walnut has received a Certificate of Achievement for the last twenty two consecutive years (fiscal years ended 1989-2010). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Independent Audit. The accounting firm of Lance Soll & Lunghard, CPAs conducted the independent audit for this fiscal year. The audit was designed to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. In addition, the audit was designed to comply with the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements and the combining and individual fund statements and schedules are included in the financial section of the report.

THE REPORTING ENTITY AND ITS SERVICES

The City of Walnut is a reporting entity, which consists of the primary government and component units. The City of Walnut is the primary government. The component units are the Walnut Improvement Agency, the Walnut Financing Authority and the Walnut Housing Authority.

The Walnut Improvement Agency was established December 26, 1979, with the objective of providing within the City of Walnut the required facilities to remove existing and future negative influences that result in a city with modern and well designed residential, commercial, industrial, public and recreational facilities.

The Walnut Public Financing Authority was established on November 9, 1988 by a joint powers agreement between the City and the Improvement Agency. Under bond law the Authority has the power to issue bonds and loan the proceeds to any local agency.

The Walnut Housing Authority was established on October 9, 1996 pursuant to the State of California Health and Safety Code, Section 34200. Its purpose is to provide for new and/or improvement of existing, low and moderate housing stock for residents of the community.

THE PROFILE OF THE CITY OF WALNUT

The City of Walnut provides a full range of services to its residents with a total permanent full-time staff of 40 employees and through contractual arrangements for major services such as engineering, building, public safety, trash collection and street sweeping services.

The City of Walnut's Public Safety services are provided by the Los Angeles County Sheriff's Department and the Los Angeles County Fire District. The City's expenditures for the Sheriff's Department services are listed in the Budgetary Comparison Statement under Public Safety Administration, General Law Enforcement, Helicopter Services, Crime Prevention, S.T.A.R. Program, and Volunteers on Patrol. All funding for the Los Angeles County Fire District services is independent of the City. These funds are collected through the property tax bills and disbursed directly to the Los Angeles County Fire District by the Los Angeles County Tax Collector's office.

INTERNAL CONTROLS

In developing, enhancing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are implemented by the City to provide reasonable assurance that (1) assets are safeguarded against loss from unauthorized use or disposition; and that (2) the City's financial records used for preparing financial statements are maintained in a reliable fashion. The concept of reasonable assurance recognizes that the cost of these controls

should not exceed the benefits derived from them. The City's internal controls accomplish these objectives.

BUDGETARY CONTROLS

The City of Walnut, as part of its progress in budget development, prepares a modified program budget by department and project. This is done in order to develop a comprehensive management and fiscal system aimed at achieving the objectives of each operating level consistent with those that have been set for the community by the City Council.

Each department manager is directly responsible, not only to accomplish his/her particular goals within each program, but also to monitor the use of the budget allocation consistent with the guidelines set by the City Manager and the Finance Director. The department manager accomplishes budgetary control at the department or project level within each fund.

Budgetary control is maintained through the use of an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved by the use of encumbrances for later payment so that appropriations may not be over spent.

FISCAL POLICY

The City of Walnut adopted the Fiscal Policy to guide the City Council and staff through the budget decision-making process. The policy provides funding to maintain the safety of the citizens of Walnut at a level to insure that Walnut maintains one of the lowest crime rates in Los Angeles county, promote a mix of businesses, which contributes to a balanced community, develop programs to enhance and retain existing businesses, and pursue new developments and businesses which add to the city's economic base, and utilized grants and subsidies from other agencies whenever possible. On April 13, 2011, the City Council adopted the updated Fiscal Policy. Some of the major items in the Fiscal Policy are as follows: reserve and maintain a minimum of 50% of the general fund budget for maintenance and operations ("Rainy Day Fund"), maintain a \$1 million self-insured deposit fund reserve and a \$1 million disaster recovery fund reserve for future emergencies, and after the audit is completed each year, any surplus will be equally distributed between the Facility Maintenance Fund and Capital Improvement Fund.

With the City of Walnut implementation of GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City Council adopted the Fund Balance Policy on June 8, 2011. As per the policy, there is fund balance committed to disaster recovery, self-insurance, other post-employment benefits, capital project and facility maintenance. In addition, the City Council assigned funds to Three Oaks Recreation Facility construction and for maintenance and operations of city services.

GANN LIMIT VS. APPROPRIATIONS SUBJECT TO LIMIT

Proposition 4, the "Gann" initiative, was passed by California voters in 1978 and Proposition 111 was passed in 1990 and are intended to limit government appropriations. The appropriations limit is calculated each year based upon fiscal year 1978-79 appropriations which are adjusted using the growth of population and inflation factors which have occurred in subsequent years. City appropriations have consistently remained far below the appropriation limits, and are not expected to approach the Gann limitations in the near future. The principal reason that the City will not reach its appropriation limit in the foreseeable future is that the City of Walnut is a low property tax city, receiving only an estimated seven percent of the property tax collected by the County.

CASH MANAGEMENT

According to the City Treasurer's Statement of Investment policy, the City/Agency treasurer may invest cash temporarily idle during the year in several instruments.

The policy affords a broad spectrum of investment opportunities, as long as the investment is deemed prudent and is permissible under currently effective legislation of the State of California and other imposed legal restrictions. Criteria for selecting investments and the order of priority are safety, liquidity and yield. The cash management system of the City of Walnut is designed to accurately monitor and forecast expenditures and revenues, thus insuring the investment of monies to the fullest extent possible. Attempts are made to obtain the highest interest yields available as long as investments meet the criteria required for safety and liquidity.

The total City, Walnut Improvement Agency and Walnut Housing Authority portfolio at June 30, 2011 was \$38,198,927.

DEBT ADMINISTRATION

As a general law city, the City of Walnut cannot incur general obligation indebtedness that exceeds 3.75% of the total assessed valuation of all real and personal property within the city. On June 30, 2011 the City's debt limit was in excess of \$143 million. The City has no tax supported general obligation bonds, or authorized but unissued general obligation bonds, outstanding at June 30, 2011.

The Walnut Improvement Agency (Redevelopment Agency) at June 30, 2011 has Tax Allocation bonds outstanding in the amount of \$30,595,000. The proceeds of these bonds were committed for capital improvement projects and other redevelopment purposes as set forth in the bond documents.

RISK MANAGEMENT

The City of Walnut is a member of the California Joint Powers Insurance Authority (CJPIA) for the purpose of pooling its losses and claims of general liability with the 121 member cities. The City participates in the General Liability Self-Insurance Program of the Authority with the protection of \$50,000,000 per occurrence. The City also participates in the Workers' Compensation Pool with the protection provided as per statutory liability under California Workers' Compensation law. In addition, \$1,000,000 has been designated in the General Fund for the City of Walnut's share of any potential losses.

WALNUT - HISTORY, SIGNIFICANT ACCOMPLISHMENTS AND FUTURE OUTLOOK

History. Walnut was founded in 1940 and incorporated on January 19, 1959, with a population of 1,000. The vote was 241 to 24 for approval. At the time of incorporation with a Council-Manager form of government, the size of the City was 7.5 miles. The City was named after the largest ranch, El Rancho de los Nogales (nogales meaning walnuts in Spanish).

The City government is directed by a five-member City Council elected by the community at large. This legislative body selects from among its members the Mayor and appoints a City Manager to administer the affairs of the City.

Walnut is situated in the greater Walnut Valley, nestled in an area between the San Jose Hills to the north and the Puente Hills to the south, 20 miles east of downtown Los Angeles. This picturesque valley, coupled with its colorful history, provides contemporary Walnut with its unique atmosphere, a pleasant mixture of country living with urban convenience.

Significant Accomplishments. The following is a list of the significant activities, which occurred during the fiscal year:

Various improvement projects were completed during the year. These projects included Area 4 and 6 street resurfacing, Meadowpass Road construction, and the heating ventilation air conditioning system

upgrade installation at Maintenance Department and Recreation Services (MDRS). These projects were funded by various sources including state and federal awards.

In addition, the City of Walnut continued the Housing Rehabilitation Program. This program provides for residents who own their home and who qualify as low-moderate income, to apply for funds that will assist them in fixing up their home. There are grants up to \$7,500 plus loans up to \$30,000. The Walnut Housing Authority and the Community Development Block Grant are funding this project.

Future Outlook. The accompanying financial statements reflect an excellent financial condition. However, maintaining this condition in the future will not be an easy task. According to the 2010 Census data, the City of Walnut population decreased as compared to the previous years and even though there is a population decline, there is a continuous increased demand for service and maintenance including: street maintenance, street sweeping, street repairs and resurfacing, added traffic signals, signs, signing and striping, code enforcement, parks maintenance and recreation service.

In addition. As part of the 2011-12 State budget bill, the California Legislature has recently enacted and the governor has signed, companion bill AB1X26 and AB1X27. AB1X26 which automatically suspended the redevelopment activities as of the effective date of the bill and subsequently dissolves the Walnut Improvement Agency. AB1X 27 which provides for the suspension and dissolution provisions of AB1X26 will not apply to the Agency if the City adopts an ordinance committing to pay specified amounts for distribution to schools and other taxing entities. The City of Walnut adopted Ordinance 11-05, determining that it will comply with the voluntary alternative redevelopment program to permit the continued existence and operation of the Walnut Improvement Agency. A petition for writ of mandate was filed with the California Supreme Court requesting the Court to declare unconstitutional these two bills.

The effects of diminishing population growth as the City approaches buildout along with the loss of building-related fees that have supplied a portion of the City revenue, the outcome of the Redevelopment lawsuit, and the unstable economy will all have an impact on the future City finances. This, together with the added need for maintenance and infrastructure as the City matures, and an ever increasing public demand for services by Walnut's residential community, will require that continued prudent fiscal management not only remain desirable but absolutely necessary.

ACKNOWLEDGEMENTS

The financial results of the City could not be presented without the capable finance staff of dedicated professionals including: Marie Santos, Deputy Finance Director; Gail Russell and Derrick Womble, Finance Analysts; Vilma Arca, Deborah Crowe, and Yvette Meza, Accounting Assistants; and Sarah Wetzal, Receptionist. Appreciation is also expressed to the City Council and City Manager for their interest and support, which made this presentation possible; and finally to the City's auditing firm of Lance, Soll & Lunghard for their professional assistance.

Respectfully submitted,



Christine F. Londo
Finance Director/City Treasurer

CFL:wp

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Walnut
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



President

Executive Director

**CITY OF WALNUT
OFFICIALS**

June 30, 2011

CITY COUNCIL

Tony Cartagena, Mayor
Nancy Tragarz, Mayor Pro Tem
Tom King, Councilmember
Joaquin Lim, Councilmember
Mary Su, Councilmember

WALNUT IMPROVEMENT AGENCY

Tony Cartagena, Mayor
Nancy Tragarz, Mayor Pro Tem
Tom King, Councilmember
Joaquin Lim, Councilmember
Mary Su, Councilmember

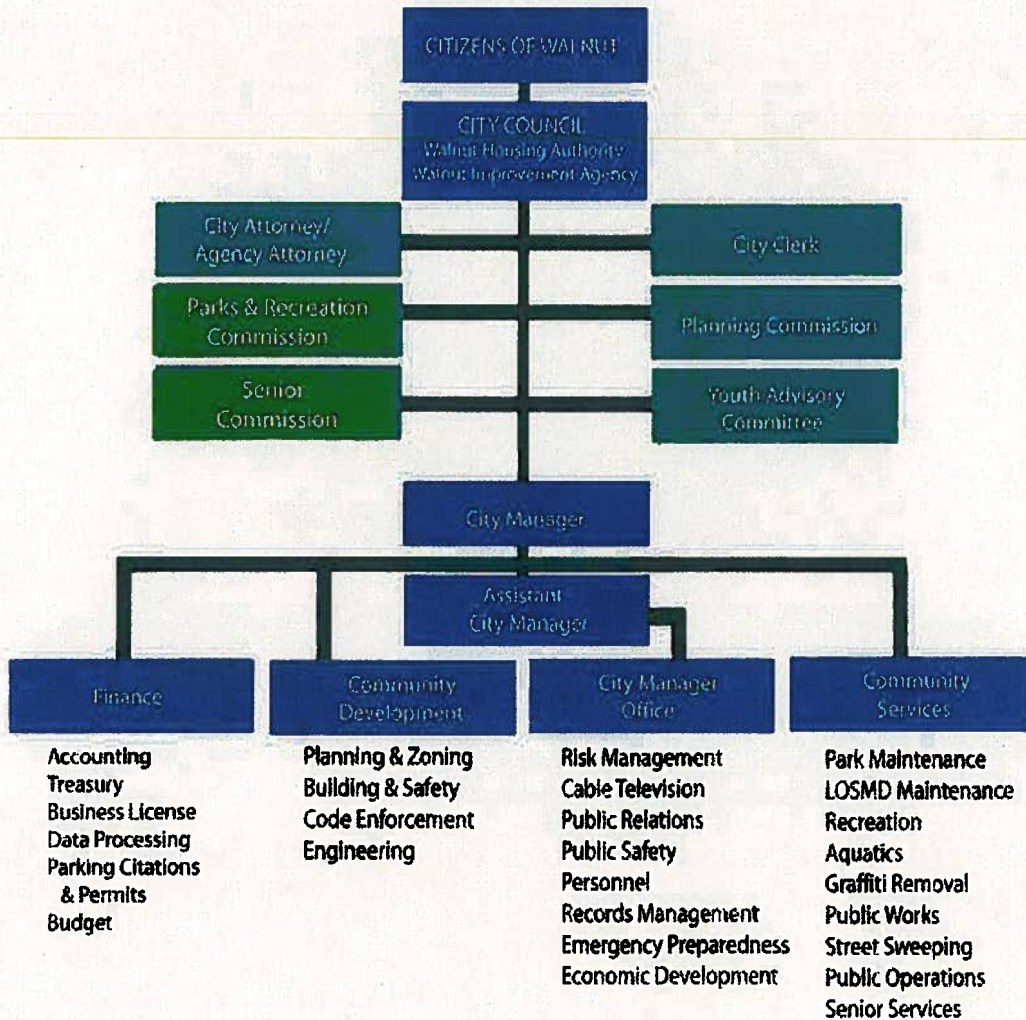
CITY OFFICIALS

Robert M. Wishner, City Manager
Teresa De Dios, City Clerk
Christine F. Londo, City Treasurer

WALNUT IMPROVEMENT AGENCY OFFICIALS

Robert M. Wishner, Executive Director
Teresa De Dios, Agency Secretary
Christine F. Londo, Agency Treasurer

City of Walnut Organizational Chart

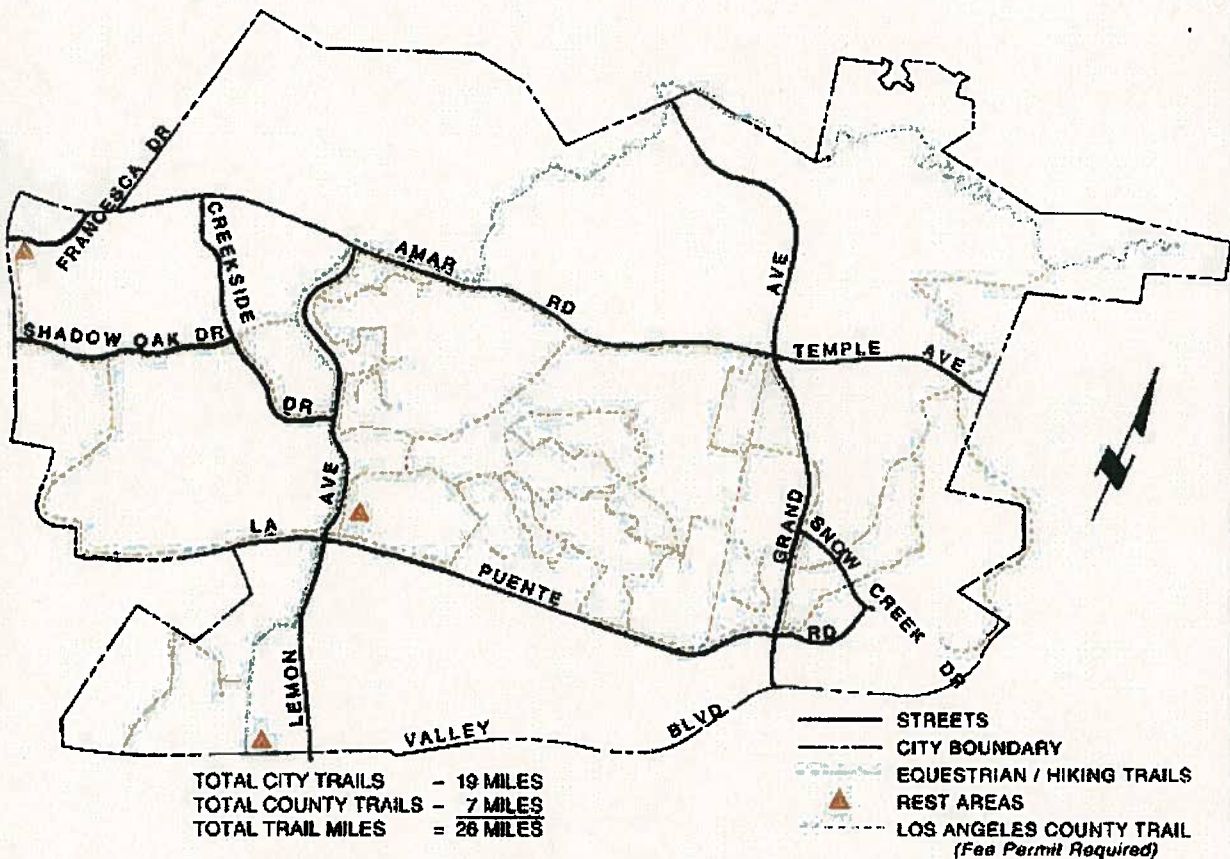


City of Walnut Trail Map

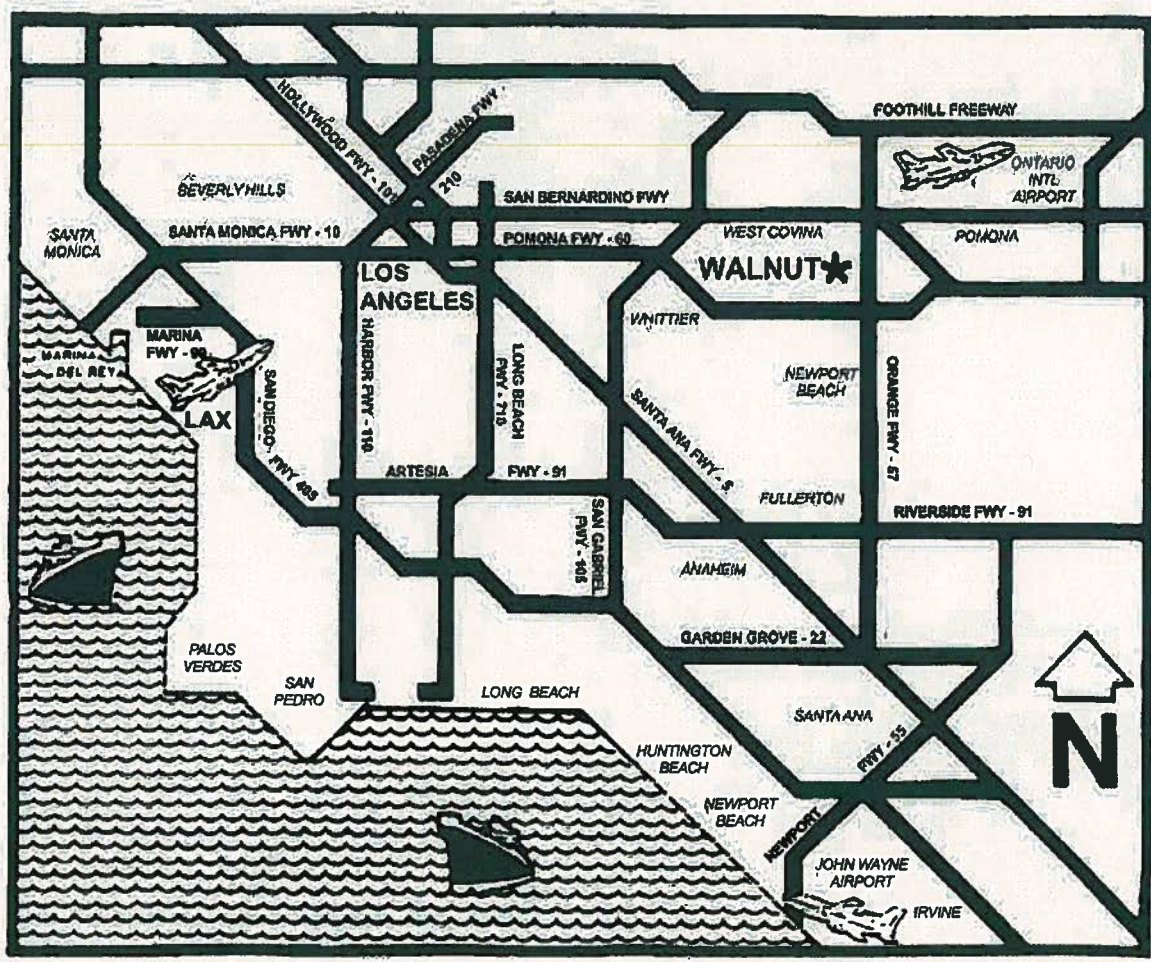


City of Walnut
 21201 La Puente Road
 Walnut, CA 91789
 (909) 595-7543

There are 26 miles of equestrian/hiking trails winding through Walnut's rolling hills. The area has been linked to horse-related activities for many years, and interest in an equestrian oriented lifestyle has attracted many of the City's residents to settle in this area. The scenic, natural topography provides an ideal place for riding and hiking. The equestrian/hiking trails wind through the community and take advantage of the open spaces, parks, and preserved natural areas. Along the trails are three rest areas, located on Valley Boulevard at Lemon Creek, on Nogales Street south of Francesca Drive, and on Lemon Avenue just north of La Puente Road. All three rest areas have picnic tables, trash cans, and trees to provide shade. The map below indicates the equestrian/hiking trails and rest areas.



Southern California City of Walnut



- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Walnut, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Walnut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Walnut as of June 30, 2011, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General Fund and the Community Development Block Grant Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 11 – Improvement Agency Uncertainty on Page 51 of this report. This note details the potential effects of AB1X26 and AB1X27, two bills that were passed by the California State Legislature as part of its 2011-12 budget.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2011, on our consideration of the City of Walnut's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with



CERTIFIED PUBLIC ACCOUNTANTS

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

auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walnut, California's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lance, Soll & Luyhard, LLP

Brea, California
November 1, 2011

Management's Discussion and Analysis

As management of the City of Walnut, we offer readers of the City of Walnut's financial statements this narrative overview and analysis of the financial activities of the City of Walnut for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The City's assets exceeded its liabilities at year end by \$86,192,945 (net assets).
- The General Fund has a fund balance of \$15 million.
- The General Fund actual resources available for appropriation (revenue inflows and fund balance) exceeded final budget by \$1,639,503 while actual appropriations (outflows) were \$520,622 less than budget (before transfers).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Walnut's basic financial statements. The City of Walnut's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Walnut's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Walnut's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Walnut is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Walnut that are principally supported by taxes and intergovernmental revenues (government activities). The governmental activities of the City of Walnut include general government, public safety, community development, community services, and public works.

The government-wide financial statements include the blending of separate legal entities--the Walnut Improvement Agency, the Walnut Public Financing Authority and the Walnut Housing Authority. Although legally separate, these "component units" are important because the City of Walnut is financially accountable for them.

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 of Walnut, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Walnut can be divided into two categories: governmental 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 statements, governmental fund financial statements focus on near-term and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the 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 of Walnut maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, one special revenue fund, two capital project funds and the WIA debt service fund, all of which are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Walnut adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Walnut's own programs.

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

Combining statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes.

Government-wide Financial Analysis

Our analysis focuses on the net assets and changes in net assets of the City's governmental activities.

**City of Walnut Net Assets
(In Thousands)**

| | Governmental Activities | |
|-----------------------------------------|-------------------------|------------------|
| | 2011 | 2010 |
| Current and other assets | \$ 41,127 | \$ 47,174 |
| Capital assets | 79,650 | 75,937 |
| Total assets | 120,777 | 123,111 |
| Long-term debt outstanding | 31,951 | 33,830 |
| Other liabilities | 2,633 | 2,887 |
| Total liabilities | 34,584 | 36,717 |
| Net assets: | | |
| Invested in capital assets, net of debt | 48,252 | 42,602 |
| Restricted | 13,095 | 15,844 |
| Unrestricted | 24,846 | 27,948 |
| Total net assets | \$ 86,193 | \$ 86,394 |

The City's net assets exceed liabilities by \$86,192,945. The decrease in net assets of \$200,883 over last year are a result of operations as recorded in the Statement of Activities and reflected in the Statement of Net Assets. The following is an explanation of the major changes:

- Current and other assets decreased by \$6,046,506. Cash and investments were lower due to the payment for construction of Meadowpass Road, the Resurfacing of area 4 & 6 and the City-Wide Tree Replacement project. The decrease in Accounts Receivable and Grant Receivables are attributed to the collection of one time contributions from Mt. San Antonio College and the receipt of the Federal Stimulus Grant. Deferred loans decreased due to the payment of loans that were outstanding in the prior year.
- Capital assets increased \$3,713,175 net of depreciation. The major changes were in the infrastructure and furniture and equipment. The infrastructure improvements completed during the year were the Meadowpass Road construction and resurfacing of Area 4 and 6. The Maintenance Department and Recreation Services (MDRS) HVAC system upgrade installation was completed during the year. The changes are as follows:

**City of Walnut Asset Type
(In Thousands)**

| | |
|-----------------------------------|-----------------|
| Land | \$ - |
| Buildings and Improvements | (431) |
| Furniture and Equipment | (80) |
| Infrastructure | 5,440 |
| Construction in progress | (1,216) |
| Capital asset net increase | \$ 3,713 |

- The City of Walnut uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.
- Long-term debt outstanding decreased \$1,879,335. due to the long-term debt principal payments made during the year of \$1,865,000, recording of the amortized bond discount, premium \$71,936, other post employment benefit obligation \$(55,570), and compensated absences \$(2,031) change during the year.

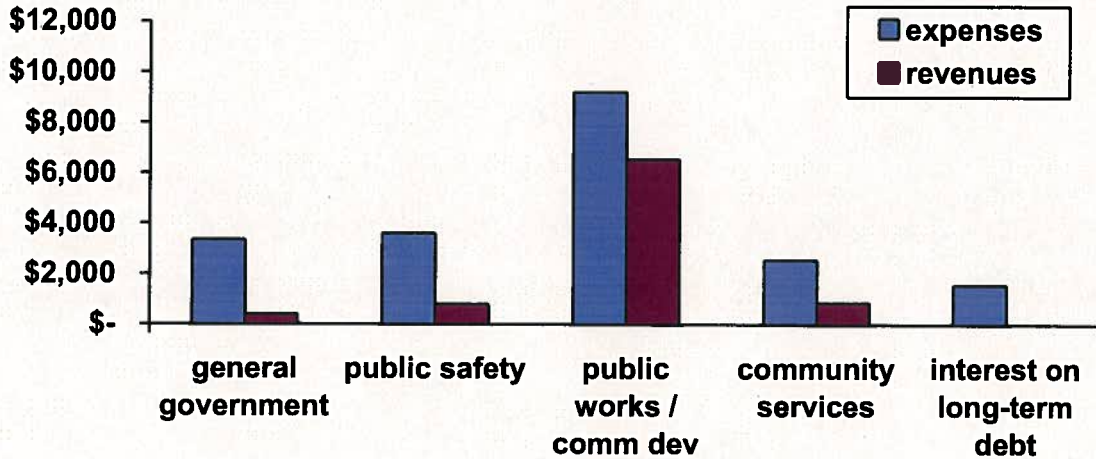
Government Activities. Governmental activities decreased the City of Walnut's net assets by \$200,883. Key elements of the changes are as follows:

**City of Walnut Changes in Net Assets
(In Thousands)**

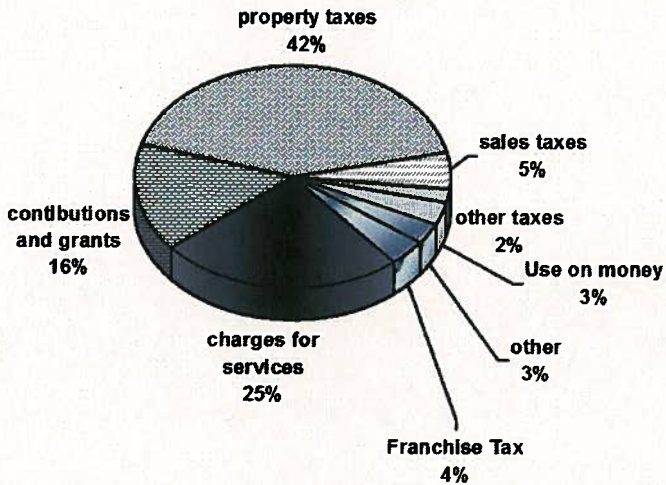
| | Governmental Activities | |
|------------------------------------------|----------------------------|---------------------|
| | <u>2011</u> | <u>2010</u> |
| Revenues | | |
| Program revenues: | | |
| Charges for services | \$5,808 | \$5,448 |
| Operating contributions and grants | 1,509 | 1,294 |
| Capital contributions and grants | 1,270 | 2,116 |
| General Revenues: | | |
| Taxes: | | |
| Property taxes | 9,108 | 9,027 |
| Sales taxes | 1,410 | 1,177 |
| Franchise taxes | 851 | 845 |
| Business license taxes | 101 | 103 |
| Other taxes | 304 | 300 |
| Motor vehicle in lieu | 185 | 107 |
| Use of money and property | 477 | 742 |
| Other | 14 | 546 |
| Total revenues | <u>21,037</u> | <u>21,705</u> |
| Expenses | | |
| General government | 3,346 | 4,773 |
| Public Safety | 3,593 | 3,521 |
| Community development | 2,549 | 2,282 |
| Community services | 3,540 | 3,638 |
| Public works | 6,652 | 5,722 |
| Interest on long-term debt | 1,558 | 1,658 |
| Total expenses | <u>21,238</u> | <u>21,594</u> |
| Increase/(decrease) in net assets | <u><u>\$(201)</u></u> | <u><u>\$111</u></u> |

- The increase of \$360,247 in charges for services is due to an increase in building and safety permits, grading and street permits, as well as an increase in recreation related activities.
- The increase of \$214,456 in operating contributions and grants is due to an increase in revenues received from the Community Development Block Grant and a one time grant received from Edward Byrne Justice Assistance Grant used for local enforcement activities. The Gas Tax revenues for this year increased due to the addition of a new motor vehicle fuel excise tax that replaces the previous allocation from Proposition 42 sales tax on gasoline.
- The capital contribution and grants decreased by \$846,274 due to less grants received this year as compared to the previous fiscal year. During the year, we received the federal stimulus grant from ARRA (American Recovery and Reinvestment Act of 2009) through the California Energy Efficiency and Conservation Block Grant (EECBG) for the installation of HVAC unit system upgrade at the Maintenance Department and Recreation Services facility. The city also received a one time grant from State of California Resources Bond Act per Capita 2002 and RZB Grant 2002 that was used to replace existing metal picnic benches at Snow Creek Park.
- Property tax increased by \$81,264 as a result of slight increase in property values.
- Sales tax increased by \$233,648 as a result of increased gasoline sales, increase in retail sales and an increase in the sales tax distribution received from state during the year.
- Motor vehicle in lieu increased by \$77,482 due to the State distribution of excess vehicle license fee collected from prior years.
- The decrease of \$264,849 in use of money and property from last year reflects the continued decline in interest rates in the investment market as a result of the economic environment.
- The General government expenses decreased by \$1,427,260 as there were no municipal election related expenses and this year's Supplemental Education Revenue Augmentation Fund (SERAF) payment decreased from last year's required payment of \$1,622,009 to \$333,617. The SERAF is paid to the Los Angeles County, as mandated by the State of California, to meet the State's obligations to schools.
- The Community development operating expenses increased by \$267,456 due to increase in building and safety permits and inspection related to the final phase of the Three Oaks housing development and increased in the Community Development Block Grant expenses on energy efficiency rehab grant and loan processed.
- The Public Works expenses increased by \$930,903 mainly due to the slurry seal project, completion of Meadowpass Road construction and the resurfacing of area 4 & 6.
- The Community Services expenses decreased by \$97,906 due to elimination of the fireworks event.

**City of Walnut Government Activities
Expenses and Program Revenues
(In Thousands)**



**City of Walnut Government Activities
Revenue by Source
(In Thousands)**



Financial Analysis of the City's Funds

The City of Walnut uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Walnut's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City of Walnut's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Walnut's governmental funds reported combined ending fund balances of \$38 million. Of this balance 34% are legally restricted to fund such areas as low and moderate housing projects, public safety, community services, public works and debt service, 38% are committed to capital projects, other post employment benefits, disaster recovery, self-insurance and facility maintenance, 21% are assigned to Three Oaks Recreation Facility and maintenance and operations, 7% is nonspendable for Notes and loans, advances to other funds, and prepaid cost, long term receivable and 0% is unassigned. These designations have been made to provide resources for the future.

The general fund is the chief operating fund of the City of Walnut. At the end of the current fiscal year the General Fund reflects a fund balance of \$15 million which is lower than last year due to the transfer of funds to the capital improvement fund as per the fiscal policy approved by City Council.

The Capital Project Fund accounts for major capital outlay and infrastructure improvements for the City. The fund balance is \$8 million, an increase from last year due to the transfer from the general fund per the fiscal policy approved by City Council.

The WIA Project Fund accounts for financial resources segregated for the major capital projects and administration for the Redevelopment Agency. This fund also accounts for the resources for the purpose of increasing and improving the community's supply of affordable housing. This fund increased over the prior year due to the annual contribution of tax increment to the low-and-moderate income program.

The WIA Debt Service Fund accounts for the payment of principal and interest on outstanding Redevelopment bonds. After receiving tax increment and paying the debt service, the balance of the fund decreased from prior year due to the payment of debt.

General Fund Budgetary Highlights

The actual charges to appropriations for the General Fund at year end were \$520,622 less than the final budget. The budget to actual variance in appropriations was principally due to close control by management. Actual revenues compared favorably to the final budget with a \$1,639,503 excess. This positive variance was due to the increased revenues received for building and safety permits, grading and street permits, Sales tax, property tax, and increased revenues from recreation related programs. Budget amendments and supplemental appropriations were made during the year to increase appropriations for unanticipated expenditures after adoption of the original budget in the amount of \$525,149.

Capital Asset and Debt Administration

Capital Assets. At the end of the Fiscal Year 2011 the City had \$132 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase of \$3,713,175 over last year. This increase is due to the addition of infrastructure assets and furniture and fixtures during the year.

**City of Walnut Capital Assets
(Net of Depreciation, in Thousands)**

| | <u>Government Activities</u> | |
|----------------------------|------------------------------|-------------------|
| | <u>2011</u> | <u>2010</u> |
| Land | \$ 10,873 | \$ 10,873 |
| Buildings and Improvements | 15,344 | 15,775 |
| Furniture and Equipment | 1,035 | 1,115 |
| Infrastructure | 52,398 | 46,958 |
| Construction in progress | - | 1,216 |
| | <u> </u> | <u> </u> |
| Totals | <u>\$ 79,650</u> | <u>\$ 75,937</u> |

The City's five-year Capital Improvement Plan projects spending \$17 million through fiscal year 2015-16. Funding will come from current fund balances committed for capital projects and projected revenues over the next five years. The most significant projects include Temple Avenue, Creekside Drive, commercial street resurfacing, various street slurry seal projects, storm drain improvements and trail improvements. In addition, the Agency will participate in affordable housing projects funded from the Redevelopment Agency Low and Moderate Housing Fund.

Additional information on the capital assets can be found in note 4 on page 40-41 of this report.

Long-term debt. At the end of the current fiscal year, the City of Walnut had total bonded debt outstanding for the Walnut Improvement Agency, the Walnut Financing Authority, accrued employee benefits and other post employment benefit (OPEB) obligation of \$31,147,624.

**City of Walnut Outstanding Debt
(In Thousands)**

| | <u>Government Activities</u> | |
|---------------------------|------------------------------|-------------------|
| | <u>2011</u> | <u>2010</u> |
| Tax allocation bonds | \$ 30,595 | \$ 32,460 |
| OPEB Obligation | 164 | 109 |
| Accrued employee benefits | 388 | 386 |
| | <u> </u> | <u> </u> |
| Totals | <u>\$ 31,147</u> | <u>\$ 32,955</u> |

Standard & Poor's Corporation and Moody's Investors Service assigned the tax allocation bonds ratings of "AAA" and "Aaa" upon their issuance.

Additional information on long-term debt can be found in note 5 on page 41-44 of this report.

Economic Factors and Next Year's Budgets and Rates

The revenue and expenditure projections provided for the 2011-12 budget are based upon economic forecasts and trends for the area in which the City is located. It is based on the information supplied by outside agencies, such as the State Department of Finance, State Board of Equalization, and the Los Angeles County Assessor's Office, to predict revenues for entitlement, grants, state subventions, sales tax and property tax. The revenue and expenditure projections are intended to serve as a guide in planning for the future.

This year, the assumptions used for forecasting the revenues included no projected increase in sales taxes or property taxes and a projected increase of 2% in the franchise tax and 5% increase in the telecommunication lease revenue. These projections were based on the current economic situation and uncertainty in the market.

The building related revenues such as plan checks and building permits have been projected to decrease during fiscal year 2011-12 to reflect no large development within the City.

The assumptions used for forecasting expenditures included a projected increase of 1.8% for all expenditures related to personnel and no increase for operations of the City. All expenditures for the City's Public Safety program, which includes payment for the Los Angeles County Sheriff's services, have been projected to increase at a rate of 3%, and 6% projected increase on all Liability and Property Insurance costs. In addition, where ever possible, any expenditures which are not "on-going", such as expenditures identified for certain capital or fixed asset items, have not been carried forward as expenditures in following years. Also taken into consideration are any costs for contracted services in which the City has an agreement with the provider, where the fees are to remain constant for a specified number of years.

A priority of the City is to maintain a high quality of services while adopting a balanced budget. Once again the budget is balanced for the coming year.

In addition, as part of the 2011-12 State budget bill, the California Legislature has recently enacted and the governor has signed, companion bill AB1X 26 and AB1X 27. AB1X 26 automatically suspended the redevelopment activities as of the effective date of the bill and subsequently dissolves the Walnut Improvement Agency. AB1X 27 which provides for the suspension and dissolution provisions of AB26 will not apply to the Agency if the City adopts an ordinance committing to pay specified amounts for distribution to schools and other taxing entities. The City of Walnut adopted Ordinance 11-05, determining that it will comply with the voluntary alternative redevelopment program to permit the continued existence and operation of the Walnut Improvement Agency. A petition for writ of mandate was filed with the California Supreme Court requesting the Court to declare unconstitutional these two bills. Please see Note 11 on page 51 for additional information.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finance and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, at the City of Walnut, P.O. Box 682, Walnut, CA 91788-0682.

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CITY OF WALNUT

STATEMENT OF NET ASSETS
JUNE 30, 2011

| | Governmental Activities |
|----------------------------------------------------|------------------------------------|
| Assets: | |
| Cash and investments | \$ 37,054,117 |
| Receivables: | |
| Accounts | 434,806 |
| Accrued interest | 64,430 |
| Deferred loans | 694,348 |
| Prepaid costs | 343,093 |
| Due from other governments | 1,250,319 |
| Deferred charges | 732,186 |
| Restricted assets: | |
| Cash with fiscal agent | 554,000 |
| Capital assets not being depreciated | 10,873,076 |
| Capital assets, net of depreciation | <u>68,777,113</u> |
| Total Assets | <u>120,777,488</u> |
| Liabilities: | |
| Accounts payable | 992,057 |
| Accrued liabilities | 161,559 |
| Accrued interest | 517,494 |
| Unearned revenue | 434,131 |
| Due to other governments | 528,376 |
| Noncurrent liabilities: | |
| Due within one year | 2,323,388 |
| Due in more than one year | <u>29,627,538</u> |
| Total Liabilities | <u>34,584,543</u> |
| Net Assets: | |
| Invested in capital assets, net of related debt | 48,251,887 |
| Restricted for: | |
| Community development projects | 10,495,156 |
| Public safety | 50,922 |
| Community services | 127,786 |
| Public works | 2,078,885 |
| Debt service | 342,544 |
| Unrestricted | <u>24,845,765</u> |
| Total Net Assets | <u>\$ 86,192,945</u> |

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CITY OF WALNUT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

| | Program Revenues | | | Governmental Activities | Net (Expenses) Revenues and Changes in Net Assets |
|--------------------------------------------|---------------------|-------------------------|------------------------------------------|-------------------------|---------------------------------------------------------------|
| | Expenses | Charges for Services | Operating Contributions and Grants | | |
| Functions/Programs | | | | | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 3,345,592 | \$ 355,674 | \$ 46,422 | \$ - | \$ (2,943,496) |
| Public safety | 3,592,626 | 666,807 | 121,018 | - | (2,804,801) |
| Community development | 2,549,053 | 1,832 | 337,318 | 439,365 | (1,770,538) |
| Community services | 3,540,411 | 737,898 | - | 117,951 | (2,684,562) |
| Public works | 6,652,419 | 4,045,899 | 1,003,896 | 712,589 | (890,035) |
| Interest on long-term debt | 1,557,845 | - | - | - | (1,557,845) |
| Total Governmental Activities | 21,237,946 | 5,808,110 | 1,508,654 | 1,269,905 | (12,651,277) |
| Total Primary Government | \$21,237,946 | \$ 5,808,110 | \$ 1,508,654 | \$ 1,269,905 | (12,651,277) |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purpose | | | | | 9,108,449 |
| Sales taxes | | | | | 1,410,358 |
| Franchise taxes | | | | | 850,101 |
| Business licenses taxes | | | | | 101,437 |
| Other taxes | | | | | 304,384 |
| Motor vehicle in lieu - unrestricted | | | | | 184,471 |
| Use of money and property | | | | | 477,150 |
| Other | | | | | 14,044 |
| Total General Revenues | | | | | 12,450,394 |
| Change in Net Assets | | | | | (200,883) |
| Net Assets at Beginning of Year | | | | | 86,393,828 |
| Net Assets at End of Year | | | | | \$ 86,192,945 |

CITY OF WALNUT

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

| | General | Special | Capital Projects Funds | |
|--------------------------------------------|----------------------|-------------------|------------------------|---------------------|
| | | Revenue Funds | Capital | WIA Project |
| | | Community | Improvement | |
| | | Development | | |
| | | Block Grant | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 13,723,716 | \$ - | \$ 8,066,972 | \$ 6,689,111 |
| Receivables: | | | | |
| Accounts | 363,673 | - | 19,458 | - |
| Accrued interest | 45,452 | - | - | 14,972 |
| Deferred loans | - | 528,376 | - | - |
| Prepaid costs | 343,093 | - | - | - |
| Due from other governments | 752,754 | 118,592 | - | - |
| Due from other funds | 431,270 | - | - | - |
| Advances to other funds | 121,470 | - | - | 1,955,626 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | 554,000 | - | - | - |
| Total Assets | \$ 16,335,428 | \$ 646,968 | \$ 8,086,430 | \$ 8,659,709 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 392,367 | \$ 23,570 | \$ 434,814 | \$ - |
| Accrued liabilities | 158,829 | - | - | - |
| Deferred revenues | 407,876 | - | - | - |
| Unearned revenues | 373,749 | - | - | - |
| Due to other governments | - | 528,376 | - | - |
| Due to other funds | - | 95,022 | - | 60,466 |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 1,332,821 | 646,968 | 434,814 | 60,466 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid costs | 343,093 | - | - | - |
| Notes and loans | - | - | - | - |
| Advances to other funds | 121,470 | - | - | 1,955,626 |
| Long term receivable | 95,948 | - | - | - |
| Restricted for: | | | | |
| Community development | - | - | - | 6,643,617 |
| Public safety | - | - | - | - |
| Community services | - | - | - | - |
| Public works | - | - | - | - |
| Debt service | - | - | - | - |
| Committed to: | | | | |
| Capital projects | - | - | 7,651,616 | - |
| Disaster recovery | 1,000,000 | - | - | - |
| Self-insurance | 1,000,000 | - | - | - |
| Other post-employment benefits | 774,840 | - | - | - |
| Facility maintenance | 3,916,439 | - | - | - |
| Assigned to: | | | | |
| Community services | 2,350,000 | - | - | - |
| Maintenance and operations | 5,400,817 | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 15,002,607 | - | 7,651,616 | 8,599,243 |
| Total Liabilities and Fund Balances | \$ 16,335,428 | \$ 646,968 | \$ 8,086,430 | \$ 8,659,709 |

CITY OF WALNUT

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

| | Debt Service Funds | | Total Governmental Funds |
|--------------------------------------------|---------------------|--------------------------|--------------------------|
| | WIA Debt Service | Other Governmental Funds | |
| Assets: | | | |
| Pooled cash and investments | \$ 2,298,170 | \$ 6,276,148 | \$ 37,054,117 |
| Receivables: | | | |
| Accounts | - | 51,675 | 434,806 |
| Accrued interest | - | 4,006 | 64,430 |
| Deferred loans | - | 165,972 | 694,348 |
| Prepaid costs | - | - | 343,093 |
| Due from other governments | - | 378,973 | 1,250,319 |
| Due from other funds | - | - | 431,270 |
| Advances to other funds | - | - | 2,077,096 |
| Restricted assets: | | | |
| Cash and investments with fiscal agents | - | - | 554,000 |
| Total Assets | \$ 2,298,170 | \$ 6,876,774 | \$ 42,903,479 |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 141,306 | \$ 992,057 |
| Accrued liabilities | - | 2,730 | 161,559 |
| Deferred revenues | - | 172,254 | 580,130 |
| Unearned revenues | - | 60,382 | 434,131 |
| Due to other governments | - | - | 528,376 |
| Due to other funds | - | 275,782 | 431,270 |
| Advances from other funds | 1,955,626 | 121,470 | 2,077,096 |
| Total Liabilities | 1,955,626 | 773,924 | 5,204,619 |
| Fund Balances: | | | |
| Nonspendable: | | | |
| Prepaid costs | - | - | 343,093 |
| Notes and loans | - | 165,972 | 165,972 |
| Advances to other funds | - | - | 2,077,096 |
| Long term receivable | - | - | 95,948 |
| Restricted for: | | | |
| Community development | - | 3,851,539 | 10,495,156 |
| Public safety | - | 50,922 | 50,922 |
| Community services | - | 127,786 | 127,786 |
| Public works | - | 2,078,885 | 2,078,885 |
| Debt service | 342,544 | - | 342,544 |
| Committed to: | | | |
| Capital projects | - | - | 7,651,616 |
| Disaster recovery | - | - | 1,000,000 |
| Self-insurance | - | - | 1,000,000 |
| Other post-employment benefits | - | - | 774,840 |
| Facility maintenance | - | - | 3,916,439 |
| Assigned to: | | | |
| Community services | - | - | 2,350,000 |
| Maintenance and operations | - | - | 5,400,817 |
| Unassigned | - | (172,254) | (172,254) |
| Total Fund Balances | 342,544 | 6,102,850 | 37,698,860 |
| Total Liabilities and Fund Balances | \$ 2,298,170 | \$ 6,876,774 | \$ 42,903,479 |

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CITY OF WALNUT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Fund balances of governmental funds | \$ 37,698,860 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets net of depreciation have not been included as financial resources in governmental fund activity | 79,650,189 |
| Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets | 732,186 |
| Long-term debt and compensated absences that have not been included in the governmental fund activity: | |
| Long-term liabilities | (31,398,302) |
| Compensated Absences | (388,388) |
| Governmental funds report all OPEB contributions as expenditures, however in the Statement of Net Assets any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability. | (164,236) |
| Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds | (517,494) |
| Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. | 580,130 |
| Net assets of governmental activities | \$ 86,192,945 |

CITY OF WALNUT

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

| | General | Special | Capital Projects Funds | |
|--------------------------------------------------------------|----------------------|----------------|------------------------|---------------------|
| | | Revenue Funds | Capital | WIA Project |
| | | Community | Improvement | |
| | | Development | | |
| | | Block Grant | | |
| Revenues: | | | | |
| Taxes | \$ 7,630,777 | \$ - | \$ - | \$ 875,000 |
| Assessments | - | - | - | - |
| Licenses and permits | 2,145,139 | - | - | - |
| Intergovernmental | 186,658 | 310,822 | - | - |
| Charges for services | 1,022,936 | - | - | - |
| Use of money and property | 356,335 | - | - | 68,150 |
| Fines and forfeitures | 250,378 | - | - | - |
| Miscellaneous | 201,869 | - | 25,244 | - |
| Total Revenues | 11,794,092 | 310,822 | 25,244 | 943,150 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,503,598 | - | - | 189,437 |
| Public safety | 3,426,932 | - | - | - |
| Community development | 1,393,037 | 213,955 | - | - |
| Community services | 3,006,683 | - | - | - |
| Public works | 1,017,476 | - | - | - |
| Capital outlay | 33,831 | 96,867 | 4,286,453 | 2,559,194 |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 11,381,557 | 310,822 | 4,286,453 | 2,748,631 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 412,535 | - | (4,261,209) | (1,805,481) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 351,401 | - | 7,713,701 | 90,000 |
| Transfers out | (7,713,701) | - | - | (556,763) |
| Net Change in Fund Balances | (6,949,765) | - | 3,452,492 | (2,272,244) |
| Fund Balances, Beginning of Year | 21,952,372 | - | 4,199,124 | 10,871,487 |
| Fund Balances, End of Year | \$ 15,002,607 | \$ - | \$ 7,651,616 | \$ 8,599,243 |

CITY OF WALNUT

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

| | <u>Debt Service Funds</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--------------------------------------------------------------|-------------------------------|-----------------------------------------|-----------------------------------------|
| | <u>WIA Debt Service</u> | | |
| Revenues: | | | |
| Taxes | \$ 3,125,000 | \$ - | \$ 11,630,777 |
| Assessments | - | 1,734,099 | 1,734,099 |
| Licenses and permits | - | - | 2,145,139 |
| Intergovernmental | - | 2,330,781 | 2,828,261 |
| Charges for services | - | - | 1,022,936 |
| Use of money and property | 10,137 | 42,528 | 477,150 |
| Fines and forfeitures | - | 296,148 | 546,526 |
| Miscellaneous | - | 113,301 | 340,414 |
| Total Revenues | <u>3,135,137</u> | <u>4,516,857</u> | <u>20,725,302</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 407,579 | - | 3,100,614 |
| Public safety | - | 155,285 | 3,582,217 |
| Community development | - | 882,614 | 2,489,606 |
| Community services | - | 109,125 | 3,115,808 |
| Public works | - | 2,756,599 | 3,774,075 |
| Capital outlay | - | 297,010 | 7,273,355 |
| Debt service: | | | |
| Principal retirement | 1,865,000 | - | 1,865,000 |
| Interest and fiscal charges | 1,587,674 | - | 1,587,674 |
| Total Expenditures | <u>3,860,253</u> | <u>4,200,633</u> | <u>26,788,349</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(725,116)</u> | <u>316,224</u> | <u>(6,063,047)</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | 556,763 | - | 8,711,865 |
| Transfers out | (90,000) | (351,401) | (8,711,865) |
| Net Change in Fund Balances | <u>(258,353)</u> | <u>(35,177)</u> | <u>(6,063,047)</u> |
| Fund Balances, Beginning of Year | <u>600,897</u> | <u>6,138,027</u> | <u>43,761,907</u> |
| Fund Balances, End of Year | <u>\$ 342,544</u> | <u>\$ 6,102,850</u> | <u>\$ 37,698,860</u> |

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CITY OF WALNUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011**

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Net change in fund balances - total governmental funds | \$ (6,063,047) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period | 3,713,175 |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets | 1,805,797 |
| Debt issuance costs are expenditures in governmental funds, but these costs are capitalized on the statement of net assets | 65,570 |
| Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. | 23,462 |
| Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | (2,031) |
| Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is an expense. | (55,570) |
| Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. | <u>311,761</u> |
| Change in net assets of governmental activities | <u>\$ (200,883)</u> |

CITY OF WALNUT

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-------------------|-------------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 21,952,372 | \$ 21,952,372 | \$ 21,952,372 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 6,809,000 | 6,809,000 | 7,630,777 | 821,777 |
| Licenses and permits | 1,565,000 | 1,565,000 | 2,145,139 | 580,139 |
| Intergovernmental | 73,090 | 73,090 | 186,658 | 113,568 |
| Charges for services | 1,095,700 | 1,126,600 | 1,022,936 | (103,664) |
| Use of money and property | 591,920 | 591,920 | 356,335 | (235,585) |
| Fines and forfeitures | 159,500 | 159,500 | 250,378 | 90,878 |
| Miscellaneous | 180,880 | 180,880 | 201,869 | 20,989 |
| Transfers in | - | - | 351,401 | 351,401 |
| Amounts Available for Appropriation | 32,427,462 | 32,458,362 | 34,097,865 | 1,639,503 |
| Charges to Appropriation (Outflow): | | | | |
| City council | 202,880 | 207,582 | 206,744 | 838 |
| City manager | 276,100 | 263,796 | 257,719 | 6,077 |
| Personnel | 103,110 | 102,892 | 95,592 | 7,300 |
| Risk management | 286,910 | 529,536 | 517,535 | 12,001 |
| City clerk | 243,380 | 245,280 | 243,014 | 2,266 |
| Elections | 1,000 | 1,000 | 24 | 976 |
| City treasurer | 17,570 | 17,580 | 15,048 | 2,532 |
| Finance | 546,110 | 547,894 | 538,446 | 9,448 |
| City attorney | 130,520 | 203,020 | 202,562 | 458 |
| Administration | 252,410 | 287,989 | 263,901 | 24,088 |
| Community promotion | 23,540 | 23,540 | 18,757 | 4,783 |
| Family festival | 52,480 | 52,480 | 49,302 | 3,178 |
| Cable TV administration | 101,800 | 101,800 | 94,954 | 6,846 |
| Public safety administration | 232,790 | 234,087 | 221,783 | 12,304 |
| Business license enforcement | 79,800 | 79,800 | 77,977 | 1,823 |
| General law enforcement | 2,823,650 | 2,822,650 | 2,764,177 | 58,473 |
| Helicopter services | 1,000 | 2,000 | 1,757 | 243 |
| Crime prevention | 128,470 | 128,470 | 125,702 | 2,768 |
| STAR program | 59,550 | 59,550 | 57,837 | 1,713 |
| Animal control | 115,000 | 115,000 | 98,829 | 16,171 |
| Emergency preparedness | 43,300 | 43,300 | 31,618 | 11,682 |
| Volunteers on patrol | 700 | 700 | 549 | 151 |
| Seat belt grant | - | 2,571 | 2,187 | 384 |
| Weed abatement | 52,000 | 52,000 | 44,516 | 7,484 |
| Planning | 319,370 | 323,645 | 297,190 | 26,455 |
| Code enforcement | 116,140 | 123,936 | 122,467 | 1,469 |
| Building and safety | 590,420 | 590,540 | 813,621 | (223,081) |
| Environmental | 157,700 | 157,700 | 147,759 | 9,941 |
| Economic Development | 20,000 | 20,000 | 12,000 | 8,000 |
| Recreation services | 348,190 | 340,579 | 335,421 | 5,158 |
| July 4 fireworks | 41,420 | 52,420 | 5,516 | 46,904 |
| Park maintenance | 1,460,770 | 1,462,175 | 1,327,633 | 134,542 |
| Equestrian trial maintenance | 44,120 | 45,520 | 43,202 | 2,318 |
| Special events | 104,160 | 131,359 | 97,483 | 33,876 |
| Aquatics | 113,490 | 113,693 | 103,652 | 10,041 |

CITY OF WALNUT

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|----------------------------------------|-----------------------|----------------------|---------------------------|-------------------------------------------------------------------|
| | Original | Final | | |
| Excursions | 79,920 | 79,920 | 71,859 | 8,061 |
| Sports & Gymnasium | 468,670 | 486,428 | 459,403 | 27,025 |
| Leisure classes | 60,070 | 62,807 | 62,037 | 770 |
| Senior citizens center | 286,780 | 287,280 | 268,142 | 19,138 |
| Teen Center | 164,670 | 164,450 | 147,216 | 17,234 |
| After school programs | 87,350 | 89,932 | 85,119 | 4,813 |
| Engineering and P.W.admin. | 429,940 | 434,270 | 293,881 | 140,389 |
| Street R-O-W maintenance | 429,550 | 448,028 | 418,955 | 29,073 |
| Traffic engineering | 9,000 | 12,459 | 9,739 | 2,720 |
| Building maintenance | 251,230 | 309,165 | 294,901 | 14,264 |
| Capital outlay | 20,000 | 41,356 | 33,831 | 7,525 |
| Transfers out | - | - | 7,713,701 | (7,713,701) |
| Total Charges to Appropriations | 11,377,030 | 11,902,179 | 19,095,258 | (7,193,079) |
| Budgetary Fund Balance, June 30 | \$ 21,050,432 | \$ 20,556,183 | \$ 15,002,607 | \$ (5,553,576) |

CITY OF WALNUT

**BUDGETARY COMPARISON STATEMENT
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|----------------|--------------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 332,320 | 332,320 | 310,822 | (21,498) |
| Amounts Available for Appropriation | 332,320 | 332,320 | 310,822 | (21,498) |
| Charges to Appropriation (Outflow): | | | | |
| Community development | 189,480 | 247,200 | 213,955 | 33,245 |
| Capital outlay | 142,840 | 142,840 | 96,867 | 45,973 |
| Total Charges to Appropriations | 332,320 | 390,040 | 310,822 | 79,218 |
| Budgetary Fund Balance, June 30 | \$ - | \$ (57,720) | \$ - | \$ 57,720 |

CITY OF WALNUT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

| | <u>Agency Fund</u> |
|-----------------------------|--------------------------|
| Assets: | |
| Pooled cash and investments | \$ 590,810 |
| Receivables: | |
| Accounts | <u>210</u> |
| Total Assets | <u>\$ 591,020</u> |
| | |
| Liabilities: | |
| Accounts payable | \$ 1,200 |
| Deposits payable | <u>589,820</u> |
| Total Liabilities | <u>\$ 591,020</u> |

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CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Walnut is a reporting entity, which consists of the primary government and component units:

Reporting Entity:

Primary Government:

City of Walnut

Component Unit:

Walnut Improvement Agency

Walnut Public Financing Authority

Walnut Housing Authority

As required by generally accepted accounting principles, these financial statements present the City of Walnut (the primary government) and its component units. Component units are entities for which the government is considered to be financially accountable.

The City of Walnut, the primary government, was incorporated on January 19, 1959, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City.

The Walnut Improvement Agency was established on December 26, 1979, pursuant to the State of California Health and Safety Code, Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of Walnut.

The Walnut Public Financing Authority was established on November 9, 1988, by a joint exercise of powers agreement between the City and the Improvement Agency. Under the bond law the Authority has the power to issue bonds and loan the proceeds to any local agency.

The Walnut Housing Authority was established on October 9, 1996, pursuant to the State of California Health and Safety Code, Section 34200. Its purpose is to provide for new and/or improvement of existing low and moderate housing stock for residents of the community.

Blended Component Units

The Walnut Improvement Agency, the Walnut Public Financing Authority and the Walnut Housing Authority, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City of Walnut, the primary government.

CITY OF WALNUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

All are governed by the City Council of the City of Walnut. Therefore, they are included in this financial presentation using the blending method. The activities of the Public Financing Authority are included within the Improvement Agency's funds, and the activities of the Housing Authority are included within the City's funds. The component unit financial statements for the Improvement Agency have been issued under a separate cover and may be obtained from the City.

The criteria used in determining the scope of the reporting entity is based on the provisions of GASB Statements No. 14 and 39. The City of Walnut is the primary governmental unit. The Improvement Agency is a component unit of the City. Component units are those entities which are financially accountable to the primary government, either because the component unit will provide financial benefit or impose a financial burden on the primary government. The specific criterion used in determining that the Improvement Agency is a component unit of the City is that the members of the City Council are the same as the members of the Improvement Agency's governing board and all administrative and operational matters are performed by the City's staff acting on behalf of the Improvement Agency. The activities of the Improvement Agency are included within the Capital Projects Fund and Debt Service Fund.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide 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 a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. Agency funds are reported on the accrual basis of accounting.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Community Development Block Grant (CDBG) Fund is a federal grant administered by the County of Los Angeles Department of Community Development under the provisions of the 1974 Housing and Community Development Act. The funds are available to cities to provide improvements to those considered "blighted" under the definitions set forth by the Act.
- The Capital Improvement Fund accounts for purchases of land, major capital outlay and infrastructure improvements.
- The Walnut Improvement Agency (WIA) Project Fund accounts for financial resources segregated for the acquisition of major capital facilities or projects and administrative costs. It also accounts for the financial resources segregated for the purposes of increasing and improving the community's supply of low-and-moderate income housing available at affordable housing costs pursuant to Section 33670 of the Health and Safety Code.
- The Walnut Improvement Agency (WIA) Debt Service Fund accounts for the payment of principal and interest of bond indebtedness. It accounts for tax increment received by the Agency that is restricted for repayment of indebtedness.

Additionally the government reports the following fund type:

- The Agency Fund is used to report resources held by the City in a purely custodial capacity which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The City has one Agency Fund. The Trust and Agency Fund accounts for refundable deposits.

CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

d. Policy for Eliminating Internal Activity in Government-Wide Statement of Activities

Administrative overhead charges are made to funds and programs and are thereby included in the direct expenses of those funds and programs.

e. Assets, Liabilities and Net Assets or Equity

1. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Governmental Funds.

Investments for the City as well as for its component units are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's and Los Angeles County's Investment Pools operate in accordance with appropriate state laws and regulations. The reported values of the pools are the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due, and receivable within the current period and collected within the current period, or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1, the second installment is due February 1. All taxes are delinquent if unpaid on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

CITY OF WALNUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

3. Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets other than infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Infrastructure assets have a capitalization threshold of \$25,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, the City has reported general infrastructure assets acquired in prior and current years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|------------------------------|--------------|
| Buildings | 40 - 50* |
| Building improvements | 25 |
| Public domain infrastructure | 25 - 100 |
| System infrastructure | 25 - 100 |
| Vehicles | 10 |
| Office equipment | 10 |
| Computer equipment | 10 |

* Buildings acquired before June 30, 2002, are depreciated over 40 years.
Buildings built after July 1, 2003, are depreciated over 50 years.

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment, upon completion of one year of service. Sick leave is payable when an employee is unable to work because of illness. Accruals over 160 hours may be paid at the rate of 50% in December of each calendar year.

CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

Upon termination, sick leave accrued will be paid based on the following:

- Up to five years of continuous service, employee will be paid all accrued sick leave over 160 hours at the rate of one-half of the employee's current rate of pay.
- After five years of continuous service, employee will be paid all accrued sick leave at the rate of one-half of the employee's current rate of pay.

All vacation and sick leave pay is accrued when incurred in the government-wide 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. Compensated absences are paid, if matured, out of the general fund.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Equity

The City Council adopts and amends committed fund balance amounts through a resolution or a minute action. The City Manager authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted to him through the Municipal Code and the adoption of the budget. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to be used first, then unrestricted. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

f. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities.

CITY OF WALNUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances, total governmental funds, and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense." The details of this \$3,713,175 difference is as follows:

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Capital outlay | \$ 6,647,674 |
| Depreciation expense | <u>(2,934,499)</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ 3,713,175</u> |

g. Unearned Revenue

Revenues totaling \$373,749 which were received in the General Fund and \$60,382 which were received in other nonmajor governmental funds for advance payment of business licenses, family festival fees and other community services and community development revenues have been recorded as unearned revenue until such time as those revenues meet the recognition criteria.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Budgetary Data

General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. The Council conducts public meetings prior to its adoption. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Supplemental appropriations, when required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager.

In most cases, expenditures may not exceed appropriations at the departmental level. At fiscal year end, all operating budget appropriations lapse. During the year, several supplementary appropriations were necessary.

A budgetary comparison schedule is not presented for the Park Improvement Special Revenue Fund as there was no legally adopted budget for the current fiscal year.

CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 2: Stewardship, Compliance and Accountability (Continued)

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

b. Excesses of Expenditures over Appropriations

Excesses of expenditures over appropriations in individual funds are as follows:

| | <u>Expenditures</u> | <u>Appropriations</u> | <u>Excess</u> |
|---------------------|---------------------|-----------------------|---------------|
| General Fund: | | | |
| Building and safety | \$ 813,621 | \$ 590,540 | \$ 223,081 |

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2011, cash and investments were reported in the accompanying financial statements as follows:

| | |
|----------------------------|----------------------|
| Governmental activities | \$ 37,608,117 |
| Fiduciary funds | <u>590,810</u> |
| Total Cash and Investments | <u>\$ 38,198,927</u> |

The City of Walnut maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy which authorizes it to invest in various investments.

Deposits

At June 30, 2011, the carrying amount of the City's deposits was \$851,073, and the bank balance was \$469,344. The \$381,729 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 3: Cash and Investments (Continued)

Investments

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- Certificates of Deposit (or time deposits)
- Local Agency Investment Fund (State Pool)
- Securities of the U.S. Government or its agencies
- Bankers Acceptances
- Commercial Paper
- Passbook Savings Account Demand Deposits
- Los Angeles County Treasurer's Investment Pool
- Money Market Mutual Fund
- Medium-Term Notes

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

Los Angeles County Pooled Investment Fund

The Los Angeles County Pooled Investment Fund (LACPIF) is a pooled investment fund program governed by the County of Los Angeles Board of Supervisors, and administered by the County of Los Angeles Treasurer and Tax Collector. Investments in LACPIF are highly liquid as deposits and withdrawals can be made at anytime without penalty. LACPIF imposes a minimum investment limit of \$50,000.

The County of Los Angeles' bank deposits are either federally insured or collateralized in accordance with the California Government Code. Pool detail is included in the County of Los Angeles' Comprehensive Annual Financial Report (CAFR). Copies of the CAFR may be obtained from the County of Los Angeles Auditor-Controller's Office — 500 West Temple Street — Los Angeles, CA 90012.

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for certain investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 3: Cash and Investments (Continued)

Credit Risk

The City's investment policy does not limit investments in Federal Agency Securities to ratings issued by nationally recognized statistical rating organizations. As of June 30, 2011, the City's investments in Federal Agency Securities consisted of investments with Federal Home Loan Bank Bonds and Federal Farm Credit Bonds. At June 30, 2011, the City's Federal Home Loan Bank Bonds maturing October 30, 2013, July 25, 2014, October 28 2015, November 24, 2015 and March 21, 2016, and its Federal Farm Credit Bank Bonds maturing November 21, 2011, May 21, 2013, and April 28, 2015, were rated "AAA" by Standard and Poor's. All securities were investment grade and were legal under State and City law. As of June 30, 2011, the City's investment in LAIF is unrated. The City's investment in the LACPIF was not rated.

On Aug. 5, 2011, Standard & Poor's Ratings Services lowered its long-term sovereign credit rating on the United States of America to AA+ from AAA. As a result, on Aug. 8, 2011, Standard & Poor's Ratings Services lowered its issuer credit ratings and related issue ratings on various Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac to AA+ from AAA. In addition, the ratings on 126 Federal Deposit Insurance Corp.-guaranteed debt issues from 30 financial institutions under the Temporary Liquidity Guarantee Program (TLGP), and four National Credit Union Association-guaranteed debt issues from two corporate credit unions under the Temporary Corporate Credit Union Guarantee Program (TCCUGP) have also been downgraded to AA+ from AAA. The City also invests in LAIF which invests in various underlying securities, including the federal agency securities listed above. While LAIF is not rated, the federal agency securities are, and these have been affected by this rating change as well.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2011, none of the City's deposits or investments were exposed to custodial credit risk.

CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 3: Cash and Investments (Continued)

Concentration of Credit Risk

The City's investment policy does not impose restrictions for certain types of investments with any one issuer.

In accordance with GASB 40 requirements, the City is exposed to concentration risk whenever it has invested more than 5% of its total investments in any one issuer. As of June 30, 2011, the City has investments with the following issuers which exceed 5% of the total investment value:

| | | |
|--------------------------|--------------|--------|
| Federal Farm Credit Bank | \$ 3,017,433 | 8.00% |
| Federal Home Loan Bank | 5,031,078 | 13.00% |

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's portfolio to maturities of less than five years. Investment maturities are limited as follows:

| <u>Maturity</u> | <u>Maximum Investment</u> |
|--------------------|---------------------------|
| Less than one year | 25% |
| Up to 5 years | 30% |

The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2011, the City had the following investments and original maturities:

| | Remaining Investment Maturities | | | | | Fair Value |
|-----------------------------------------|---------------------------------|---------------------|---------------------|---------------------|-------------------|----------------------|
| | 6 months or less | 6 months to 1 year | 1 to 3 years | 3 to 5 years | More than 5 years | |
| Federal Agency Securities | | | | | | |
| Federal Home Loan Bank | \$ - | \$ - | \$ 1,030,917 | \$ 4,000,161 | \$ - | \$ 5,031,078 |
| Federal Farm Credit Bank | - | 1,012,049 | 1,005,641 | 999,743 | - | 3,017,433 |
| Los Angeles County Investment Pool | 9,239,754 | - | - | - | - | 9,239,754 |
| California Local Agency Investment Fund | 19,505,589 | - | - | - | - | 19,505,589 |
| Cash with Fiscal Agents: | | | | | | |
| Federal Home Loan Bank | - | - | - | 552,821 | - | 554,000 |
| | <u>\$ 28,745,343</u> | <u>\$ 1,012,049</u> | <u>\$ 2,036,558</u> | <u>\$ 5,552,725</u> | <u>\$ -</u> | <u>\$ 37,347,854</u> |

CITY OF WALNUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

| | Beginning Balance | Adjustments | Adjusted Beginning Balance | Additions | Deletions | Transfers | Ending Balance |
|---------------------------------------------------------|----------------------|----------------|----------------------------------|---------------------|------------------|--------------------|----------------------|
| Governmental Activities: | | | | | | | |
| Capital assets, not being depreciated: | | | | | | | |
| Land | \$ 10,873,076 | \$ - | \$ 10,873,076 | \$ - | \$ - | \$ - | \$ 10,873,076 |
| Construction-in-progress | 1,216,347 | - | 1,216,347 | - | - | (1,216,347) | - |
| Total Capital Assets, Not Being Depreciated | 12,089,423 | - | 12,089,423 | - | - | (1,216,347) | 10,873,076 |
| Capital assets, being depreciated: | | | | | | | |
| Buildings and improvements | 20,839,263 | - | 20,839,263 | 83,461 | - | - | 20,922,724 |
| Furniture, fixtures and equipment | 3,879,583 | - | 3,879,583 | 193,032 | - | - | 4,072,615 |
| Infrastructure | 89,710,924 | 104,676 * | 89,815,600 | 6,371,181 | 1,041,750 | 1,216,347 | \$ 96,361,378 |
| Total Capital Assets, Being Depreciated | 114,429,770 | 104,676 | 114,534,446 | 6,647,674 | 1,041,750 | 1,216,347 | 121,356,717 |
| Less accumulated depreciation: | | | | | | | |
| Buildings and improvements | 5,063,767 | - | 5,063,767 | 514,683 | - | - | 5,578,450 |
| Furniture, fixtures and equipment | 2,764,894 | - | 2,764,894 | 272,653 | - | - | 3,037,547 |
| Infrastructure | 42,753,518 | 104,676 * | 42,858,194 | 2,147,163 | 1,041,750 | - | 43,963,607 |
| Total Accumulated Depreciation | 50,582,179 | 104,676 | 50,686,855 | 2,934,499 | 1,041,750 | - | 52,579,604 |
| Total Capital Assets, Being Depreciated, Net | 63,847,591 | - | 63,847,591 | 3,713,175 | - | 1,216,347 | 68,777,113 |
| Governmental Activities Capital Assets, Net | \$ 75,937,014 | \$ - | \$ 75,937,014 | \$ 3,713,175 | \$ - | \$ - | \$ 79,650,189 |

*The adjustment relates to an infrastructure valuation.

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|-------------------------------------------------------------|---------------------|
| Governmental Activities: | |
| General government | \$ 194,481 |
| Community development | 59,447 |
| Public works | 2,249,448 |
| Public safety | 10,409 |
| Community services | 420,714 |
| Total Depreciation Expense - Governmental Activities | \$ 2,934,499 |

CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 4: Capital Assets (Continued)

A summary of capital assets by sources follows:

| | |
|------------------------------------|------------------------------|
| General Fund | \$ 91,409,803 |
| Gas Tax | 21,453 |
| Park Dedication Fund | 1,047,775 |
| COPS | 34,493 |
| Air Quality Improvement Fund | 381,788 |
| CDBG | 128,633 |
| Proposition C Fund | 695,081 |
| Bikeway Fund | 30,050 |
| LOSMD Fund | 15,584 |
| Proposition A Fund | 471,614 |
| Capital Purchases/Replacements | 22,232,453 |
| Park Grants Fund | 695,020 |
| LLEBG | 83,546 |
| Recycling Grant | 30,576 |
| Cable TV Education Fund | 76,666 |
| WIA Project Fund | <u>14,875,258</u> |
| Total Investment in Capital Assets | <u><u>\$ 132,229,793</u></u> |

Note 5: Long-Term Debt

a. Changes in Long-Term Debt

The following is a summary of changes in long-term liabilities of the City for the fiscal year ended June 30, 2011:

| | <u>Outstanding July 1, 2010</u> | <u>Additions</u> | <u>Deletions</u> | <u>Outstanding June 30, 2011</u> | <u>Due Within One Year</u> |
|-------------------------------------------------------------------------------|-------------------------------------|-------------------|---------------------|--------------------------------------|--------------------------------|
| Walnut Improvement Agency: Tax Allocation Refunding Bonds, Series 1999A | \$ 11,570,000 | \$ - | \$ 730,000 | \$ 10,840,000 | \$ 760,000 |
| Tax Allocation Revenue Bonds, Series 2002 | 20,890,000 | - | 1,135,000 | 19,755,000 | 1,175,000 |
| OPEB Obligation | 108,666 | 55,570 | - | 164,236 | - |
| Accrued employee benefits | <u>386,357</u> | <u>307,711</u> | <u>305,680</u> | <u>388,388</u> | <u>388,388</u> |
| Total | <u>\$ 32,955,023</u> | <u>\$ 363,281</u> | <u>\$ 2,170,680</u> | 31,147,624 | <u>\$ 2,323,388</u> |
| Add: Net unamortized bond premium/discount | | | | <u>803,302</u> | |
| Net Long-Term Debt | | | | <u><u>\$ 31,950,926</u></u> | |

CITY OF WALNUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 5: Long-Term Debt (Continued)

For the governmental activities, accrued employee benefits and the OPEB obligation are generally liquidated by the General Fund.

A description of individual issues of bonds (excluding defeased bonds) outstanding as of June 30, 2011, follows:

On November 9, 1988, the City of Walnut and the Walnut Improvement Agency created the Walnut Public Financing Authority by a Joint Exercise of Powers Agreement. Under the bond law, the Authority has the power to issue bonds and loan the proceeds to any local agency.

b. 1992 Tax Allocation Bonds

On June 1, 1992, the Authority issued \$37,005,655 of its 1992 Tax Allocation Revenue Bonds ("the Bonds"). The Bonds were issued for the purpose of funding certain activities of the Walnut Improvement Agency, and to partially advance refund \$20,430,000 of \$24,360,000 outstanding principal amount of the Agency's 1988 Tax Allocation Bonds.

The Bonds consisted of \$11,780,000 of serial bonds, \$8,220,000 of term bonds due September 1, 2015, \$15,785,000 term bonds due September 1, 2022, and \$1,220,655 capital appreciation bonds.

The \$11,780,000 of serial bonds matured annually from September 1, 1992 to September 1, 2006. The bonds bore interest at rates ranging from 3.25% to 6.25%. Interest was payable semi-annually beginning September 1, 1992.

The \$8,220,000 and \$15,785,000 term bonds carried an interest rate of 6.00% and 6.50%, respectively.

The serial bonds and term bonds were advance refunded by the 2002 Tax Allocation Refunding Bonds.

The Capital Appreciation Bonds will accrue interest from their date compounded semi-annually commencing September 1, 1992, and are payable at maturity or earlier redemption at their accreted value. The bonds mature on September 1, 2007 to September 1, 2009. The approximate yield of the bonds to maturity ranges from 6.60% to 6.65%.

All tax increment money and interest earnings to be received by the Agency have been pledged to the payment of principal and interest on the bonds. Bonds maturing on or after September 1, 2003, are subject to optional redemption in whole or in part on or after September 1, 2003. Bonds maturing on September 1, 2015 and September 1, 2022, are subject to mandatory redemption in part by lot prior to maturity from sinking account payments made in accordance with the bond indenture.

The proceeds of these 1992 bonds were loaned to the Walnut Improvement Agency under a First Party Debt Loan Agreement among the Authority, the Agency and the trustee. As of June 30, 2011, all bonds have been repaid.

CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 5: Long-Term Debt (Continued)

c. 1999 Tax Allocation Refunding Bonds

On January 27, 1999, the Agency issued \$16,975,000 in Walnut Improvement Project 1999 Tax Allocation Refunding Bonds, Series A, for the purpose of refunding \$3,495,000 of outstanding Walnut Improvement Project Tax Allocation Bonds, Series 1988A, to prepay a portion of the 1992 loan from the Public Financing Authority and refund the corresponding portion of the Authority's 1992 Tax Allocation Revenue Bonds and to pay for costs of issuance. The bonds bear interest at rates ranging from 3.60% to 4.60%. Principal maturities begin September 1, 1999, and continue through September 1, 2022.

d. 2002 Tax Allocation Refunding Bonds

On July 25, 2002, the Walnut Public Financing Authority issued \$26,055,000 of its 2002 Tax Allocation Refunding Bonds (Walnut Improvement Project). The bonds were issued to finance certain street and storm drain projects, certain housing projects and to advance refund the remaining \$17,180,000 outstanding principal amount of the 1992 Tax Allocation Revenue Bonds (excluding capital appreciation bonds of \$2,457,966), as well as \$11,760,900 in prior year defeasances. The 2002 Bonds bear interest rates at rates ranging from 3.000% to 5.375%. Principal maturities begin September 1, 2003, and continue through September 1, 2022.

e. Debt Service Requirements

The following schedule illustrates the debt service requirements to maturity for bonds outstanding as of June 30:

| | 1999 Tax Allocation Bonds | | 2002 Tax Allocation Bonds | | Total | |
|--------------|---------------------------|---------------------|---------------------------|---------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2011 - 2012 | \$ 760,000 | \$ 498,373 | \$ 1,175,000 | \$ 1,014,269 | \$ 1,935,000 | \$ 1,512,642 |
| 2012 - 2013 | 790,000 | 464,653 | 1,225,000 | 957,847 | 2,015,000 | 1,422,500 |
| 2013 - 2014 | 825,000 | 428,710 | 1,290,000 | 890,256 | 2,115,000 | 1,318,966 |
| 2014 - 2015 | 860,000 | 390,368 | 1,355,000 | 818,325 | 2,215,000 | 1,208,693 |
| 2015 - 2016 | 895,000 | 349,331 | 1,435,000 | 743,394 | 2,330,000 | 1,092,725 |
| 2016 - 2021 | 4,755,000 | 1,062,763 | 8,785,000 | 2,459,313 | 13,540,000 | 3,522,076 |
| 2021 - 2026 | 1,955,000 | 98,875 | 4,490,000 | 244,563 | 6,445,000 | 343,438 |
| Total | \$ 10,840,000 | \$ 3,293,073 | \$ 19,755,000 | \$ 7,127,967 | \$ 30,595,000 | \$ 10,421,040 |

The City has pledged as security for tax allocation bonds it has issued, either directly or through the Financing Authority, a portion of the tax increment revenue (including Low and Moderate Income Housing set-aside) that it receives. These bonds were to provide financing for various capital projects and accomplish Low and Moderate Income Housing Projects. The City has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is 41,016,040 with annual debt service requirements indicated above. For the current year, the total tax increment revenue recognized by the City was \$4,000,000 and the debt service obligation on the bonds was \$3,452,674.

CITY OF WALNUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 5: Long-Term Debt (Continued)

f. Conduit Debt

The following issue of Commercial Revenue Bonds is *not* reflected in the basic financial statements because this bond is a special obligation payable solely from and secured by specific revenue sources described in the bond resolution and official statement of the respective issue. Neither the faith and credit nor the taxing power of the City, the Redevelopment Agency, the State of California or any political subdivision thereof, is pledged for the payment of this bond:

| <u>Title</u> | <u>Original Amount</u> | <u>Outstanding June 30, 2011</u> |
|-----------------------------------------------------------|----------------------------|--------------------------------------|
| Walnut Improvement Agency 1984 Commercial Revenue Bond | \$ 2,100,000 | \$895,702 |

This bond was issued on December 1, 1984, to provide funding for the acquisition and development of certain commercial facilities located in the City of Walnut known as the Commercial Ventures Project.

IV. OTHER DISCLOSURES

Note 6: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

| <u>Funds</u> | <u>Due From Other Funds</u> | | |
|----------------------------|---------------------------------|---------------------------|-------------------|
| | <u>General Fund</u> | <u>Nonmajor Funds</u> | <u>Total</u> |
| Due To Other Funds: | | | |
| General | \$ - | \$ - | \$ - |
| CDBG | 95,022 | - | 95,022 |
| WIA Project | 60,466 | - | 60,466 |
| WIA Debt Service | - | - | - |
| Nonmajor Funds | <u>275,782</u> | <u>-</u> | <u>275,782</u> |
| Total | <u>\$ 431,270</u> | <u>\$ -</u> | <u>\$ 431,270</u> |

The due to the General Fund of \$431,270 from various funds resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 6: Interfund Receivable, Payable and Transfers (Continued)

| Funds | Transfers Out | | | | Total |
|---------------------|---------------------|-------------------|------------------|-----------------------------|---------------------|
| | General Fund | WIA Project | WIA Debt Service | Nonmajor Governmental Funds | |
| Transfers In: | | | | | |
| General | \$ - | \$ - | \$ - | \$ 351,401 | \$ 351,401 |
| Capital Improvement | 7,713,701 | - | - | - | 7,713,701 |
| WIA Debt Service | - | 556,763 | - | - | 556,763 |
| WIA Project | - | - | 90,000 | - | 90,000 |
| Total | <u>\$ 7,713,701</u> | <u>\$ 556,763</u> | <u>\$ 90,000</u> | <u>\$ 351,401</u> | <u>\$ 8,711,865</u> |

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, (2) move receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

| Funds | Advances From Other Funds | | Total |
|--------------------------|---------------------------|---------------------|---------------------|
| | Nonmajor Funds | WIA Debt Service | |
| Advances To Other Funds: | | | |
| General | \$ 121,470 | \$ - | \$ 121,470 |
| WIA Project | - | 1,955,626 | 1,955,626 |
| Total | <u>\$ 121,470</u> | <u>\$ 1,955,626</u> | <u>\$ 2,077,096</u> |

The low and moderate housing advance to the Tax Increment Fund in the amount of \$1,955,626 was to fund the payment of the state mandated Supplemental Education Revenue Augmentation Fund (SERAF) during the fiscal years 2009-2010 and 2010-2011, which was deposited to the County of Los Angeles SERAF account in order to meet the state's Prop 98 obligations to schools. The purpose of the \$121,470 advance to the nonmajor funds from the General Fund is to fund various expenses in the LOSMD fund.

Note 7: Pension Plan

Plan Description

The City of Walnut contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 10.696% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 7: Pension Plan (Continued)

Annual Pension Cost

For 2011, the City's annual pension cost of \$313,095 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial value of PERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011, was 13 years for miscellaneous employees.

Three-Year Trend Information for PERS
(Amounts in Thousands)

| <u>Fiscal Year</u> | <u>Required Contributions</u> | <u>Percentage Contributed</u> |
|--------------------|-----------------------------------|-----------------------------------|
| 6/30/2009 | \$ 288 | 100 % |
| 6/30/2010 | 303 | 100 % |
| 6/30/2011 | 313 | 100 % |

For fiscal years 2003-2011, the City of Walnut participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date, starting with the June 30, 2003, valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

Note 8: Postemployment Benefits

Plan Description

The City provides other postemployment benefits (OPEB) through the Public Employees' Medical and Hospital Care Act (PEMHCA), an agent multiple-employer defined benefit healthcare plan administered by the California Public Employees Retirement System (PERS). The plan provides lifetime healthcare insurance for eligible retirees and their spouses. Benefit provisions are established pursuant to memoranda of understanding between the City and its employee bargaining units and can be amended by renegotiating the MOUs. The plan does not issue a publicly available financial report.

The City chose to provide a minimum employer PEMHCA contribution of \$1 per month per retiree. This contribution is increased by 5% each year until, in the 20th year of the plan, the City contribution for retired employees is equal to that made for active employees. The current year contribution for retirees is \$16.20 and for active employees is \$108. Currently, the City has one retiree participating in the plan.

CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 8: Postemployment Benefits (Continued)

Funding Policy

The City pays for these benefits on a pay-as-you-go basis, as opposed to the pre-funded approach. The funding policy is established by the City's management. The City committed \$774,840 of fund balance for postemployment benefits.

GASB Statement 45 requires public entities to perform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statements of both the employer and trust set aside to pre-fund these benefits. The City has not set up a trust. According to this Statement, an alternative measurement method that differs from a full actuarial valuation is permitted for employers with fewer than one hundred plan members. Entities that qualify and use the alternative measurement method should perform new calculations at least every three (3) years and they should disclose that that method has been used to estimate amounts reported in the financial statements. The City of Walnut has less than one hundred plan members and has used the alternative measurement method.

The annual required contribution (ARC) presented below is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

| | |
|--------------------------------------------|-------------------|
| Annual required contribution (ARC) | \$ 53,884 |
| Interest on OPEB obligation | 5,433 |
| Adjustment to ARC | <u>(3,747)</u> |
| Annual OPEB cost | 55,570 |
| Contributions made | <u>-</u> |
| Increase (Decrease) in net OPEB obligation | 55,570 |
| Net OPEB obligation (asset) June 30, 2010 | <u>108,666</u> |
| Net OPEB obligation (asset) June 30, 2011 | <u>\$ 164,236</u> |

Annual OPEB Costs and Net OPEB Obligation (Asset)

For fiscal year 2010-2011, the City's annual OPEB cost (expense) was \$55,570. Information for the current year and previous two years is presented below:

| Fiscal Year End | Annual OPEB Cost | Actual Contribution (Net of Adjustments) | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (Asset) |
|-----------------------|---------------------|------------------------------------------------|--------------------------------------------------|-----------------------------------|
| 6/30/09 | \$ 53,884 | \$ - | 0% | \$ 53,884 |
| 6/30/10 | 54,782 | - | 0% | 108,666 |
| 6/30/11 | 55,570 | - | 0% | 164,236 |

CITY OF WALNUT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 8: Postemployment Benefits (Continued)

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities or benefits. The plan was implemented in fiscal year 2008-2009 and an actuarial valuation was performed during the year. The City is required to have an actuarial valuation performed every three years.

| Type of Valuation | Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | UAAL as Percent of Covered Payroll |
|-------------------|--------------------------|---------------------------|-----------------------------|--------------------------------------|--------------|-----------------|------------------------------------|
| Actual | 6/30/09 | \$ - | \$ 351,255 | \$ 351,255 | 0.00% | \$ 2,885,097 | 12.17% |

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2009, actuarial valuation (latest available), the entry age actuarial cost method is used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after 10 years. Both rates include a 5% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of the short-term volatility in the market value of investments over a three-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011, was 27 years.

Note 9: Risk Management

a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Walnut is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 121 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to

CITY OF WALNUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 9: Risk Management (Continued)

arrange for group purchased insurance for property and other lines of coverage. The Authority's pool began covering claims of its members in 1978. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

c. Self-Insurance Programs of the Authority:

A revised cost allocation methodology was introduced in 2010-11, however it retains many elements of the previous cost allocation methodology. Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability – In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2010-11 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50,000,000 per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

CITY OF WALNUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 9: Risk Management (Continued)

Workers' Compensation - City of Walnut also participates in the workers' compensation pool administered by the Authority. In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

d. Purchased Insurance

Property Insurance - The City of Walnut participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Walnut property is currently insured according to a schedule of covered property submitted by City of Walnut to the Authority. This insurance protection is underwritten by several insurance companies. The City of Walnut property currently has all-risk property insurance protection in the amount of \$27,031,820. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance - The City of Walnut purchases crime insurance coverage in the amount of \$1,000,000 with \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

Special Event Tenant User Liability Insurance - The City of Walnut further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on City property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays for the insurance. The insurance is arranged by the Authority.

d. Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

The CJPIA has published its own financial report for the year ended June 30, 2011, which can be obtained from California Joint Powers Insurance Authority, La Palma, California.

CITY OF WALNUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 10: Improvement Agency Contingency

The Walnut Improvement Agency has had an annual limitation on its tax increment of \$4,000,000 in its redevelopment plan since 1981. The State Controller's Office's legal counsel has indicated that annual limitations in the plan are not allowed and computed the SERAF payment on the total increment rather than the \$4,000,000. The Agency paid the SERAF for 2009-10 and 2010-11 based on the \$4,000,000 but the State Department of Finance and the State Controller's Office are requesting that they pay the SERAF on the total increment. The Agency is working with its legislator to intervene on its behalf or sponsor special legislation to eliminate the SERAF difference.

Note 11: Improvement Agency Uncertainty

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27 gives redevelopment agencies an option to avoid dissolution if they commit to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amount to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments total \$400 million, annually. Each city or county's share of these payments is determined based on its proportionate share of state-wide tax increment.

CRA and the League contend that AB1X 26 and 27 are unconstitutional because they violate Proposition 22 which was passed by the voters in November, 2010. The effect of the legislation is to achieve a possible unconstitutional result, the use of redevelopment agencies' tax increment funds to benefit the State and other units of local government, by way of threatening the dissolution of redevelopment agencies.

Therefore, the CRA and the League have requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and 27 until the Court can rule on its constitutionality. CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payments are due. On August 11th, the California Supreme Court agreed to hear the case and granted a partial stay which was subsequently clarified.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is unknown and consequently the status and even future existence of the Agency is uncertain as such. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue and will be required to make a payment to the State by January 15, 2012 to avoid dissolution. The Department of Finance issued their estimated payment amounts and the Agency filed an appeal regarding the calculation. The Agency's appeal was denied, therefore the payment they are required to make is the original estimate of \$4,099,671.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE

The **Gas Tax Fund** accounts for the City's proportionate share of gas tax monies collected by the state of California, which are used for street construction and maintenance.

The **Traffic Safety Fund** accounts for the vehicle code fines expended for traffic safety enforcement.

The **Park Improvement Fund** accounts for fees charged to residential and commercial developers for park development purposes.

The **Citizen's Options for Public Safety (COPS) Fund** accounts for the distribution of funds to local agencies on a per capita basis for the purpose of first line law enforcement services. AB 3229 authorized this distribution in July, 1996.

The **Air Quality Improvements Fund** accounts for the City's portion of the imposition of an additional motor vehicle registration fee of two dollars to be used to reduce air pollution from motor vehicles as approved by the State of California.

The **Waste Management Administration Fund** accounts for funds received as part of the resident's refuse bill to fund the City's source reduction and recycling programs.

The **Proposition C Fund** accounts for the City's portion of the additional 1/2 cents sales tax approved in Los Angeles County for public transit purposes.

The **Bikeway Fund** accounts for Senate Bill 821 monies from the State for the construction of bikeways, ramps, and pedestrian facilities.

The **Landscape & Open Space Maintenance District (LOSMD) Fund** accounts for assessments levied by the City to residents who have property maintained by the City.

The **Proposition A Fund** accounts for the City's share of the 1/2 cent sales tax levied in Los Angeles County for local transit.

The **State Park Grant Fund** accounts for various grant monies restricted for park purposes.

The **Edward Byrne Justice Assistance Grant** accounts for the city's portion of federal monies received from the Edward Byrne Justice Assistance Grant authorized by the American Recovery and Reinvestment Act of 2009 for the state and local enforcement and criminal justice activities.

The **Traffic Congestion Relief Fund** accounts for monies received from the State of California for street and road maintenance or reconstruction approved, established by AB 2928.

The **Used Oil Recycling Grant Fund** accounts for monies received from the California Integrated Waste Management Board to be spent on used motor oil recycling and awareness programs.

The **General Recycling Grant Fund** accounts for monies received from the State Department of Conservation to be spent on recycling and waste reduction programs.

The **Cable TV Education Fund** accounts for franchise and other fees designated for Cable TV.

The **Walnut Housing Authority Fund** was established to utilize low-and-moderate funds.

The **LACMTA Exchange Fund** accounts for funds received from MTA to be used for roadway construction, rehabilitation, restorations, transit projects and facilities, carpool projects, bicycle and pedestrian walkways. This money is received from MTA in exchange for STP-L funds and is not federally funded.

The **Proposition R Fund** accounts for the city's portion of the 1/2 cent sales tax approved during the November 2008 election in Los Angeles County for transportation projects.

The **Federal Stimulus Fund** accounts for the federal monies received from ARRA (American Recovery and Reinvestment Act of 2009) through the California Energy Efficiency and Conservation Block Grant (EECBG) to be used for authorized projects.

CITY OF WALNUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

| | Special Revenue Funds | | | |
|--------------------------------------------|------------------------------|-----------------------|-----------------------------|------------------|
| | Gas Tax | Traffic Safety | Park Improvement | COPS |
| Assets: | | | | |
| Pooled cash and investments | \$ 281,731 | \$ - | \$ 32,643 | \$ 45,042 |
| Receivables: | | | | |
| Accounts | - | 19,675 | - | - |
| Accrued interest | - | - | - | - |
| Deferred loans | - | - | - | - |
| Due from other governments | 98,894 | - | - | 12,706 |
| Total Assets | \$ 380,625 | \$ 19,675 | \$ 32,643 | \$ 57,748 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 10,628 | \$ 2,966 | \$ - | \$ 6,826 |
| Accrued liabilities | - | 693 | - | - |
| Deferred revenues | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Due to other funds | - | 16,016 | - | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 10,628 | 19,675 | - | 6,826 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Notes and loans | - | - | - | - |
| Restricted for: | | | | |
| Community development | - | - | - | - |
| Public safety | - | - | - | 50,922 |
| Community services | - | - | 32,643 | - |
| Public works | 369,997 | - | - | - |
| Capital projects | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 369,997 | - | 32,643 | 50,922 |
| Total Liabilities and Fund Balances | \$ 380,625 | \$ 19,675 | \$ 32,643 | \$ 57,748 |

CITY OF WALNUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

(Continued)

| | Special Revenue Funds | | | |
|---------------------------------------------|-----------------------------|---------------------------------------|---------------------|-----------------|
| | Air Quality Improvements | Waste Management Administration | Proposition C | Bikeway |
| Assets: | | | | |
| Pooled cash and investments | \$ 86,197 | \$ 25,000 | \$ 1,190,916 | \$ - |
| Receivables: | | | | |
| Accounts | - | 25,000 | - | - |
| Accrued interest | - | - | - | - |
| Deferred loans | - | - | - | - |
| Due from other governments | 9,300 | - | - | 1,090 |
| Total Assets | \$ 95,497 | \$ 50,000 | \$ 1,190,916 | \$ 1,090 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 600 | \$ - | \$ 2,463 | \$ - |
| Accrued liabilities | - | - | 118 | - |
| Deferred revenues | - | - | - | - |
| Unearned revenues | - | 50,000 | - | - |
| Due to other funds | - | - | - | 1,090 |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 600 | 50,000 | 2,581 | 1,090 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Notes and loans | - | - | - | - |
| Restricted for: | | | | |
| Community development | 94,897 | - | - | - |
| Public safety | - | - | - | - |
| Community services | - | - | - | - |
| Public works | - | - | 1,188,335 | - |
| Capital projects | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 94,897 | - | 1,188,335 | - |
| Total Liabilities and Fund Balances: | \$ 95,497 | \$ 50,000 | \$ 1,190,916 | \$ 1,090 |

CITY OF WALNUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

| | Special Revenue Funds | | | |
|--------------------------------------------|-----------------------|------------------|------------------|------------------------------|
| | LOSMD | Proposition A | State Park Grant | E. Byrne Justice Asst. Grant |
| Assets: | | | | |
| Pooled cash and investments | \$ 639,851 | \$ 94,091 | \$ - | \$ 3,791 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Accrued interest | - | - | - | - |
| Deferred loans | - | - | - | - |
| Due from other governments | 34,932 | - | 48,024 | - |
| Total Assets | \$ 674,783 | \$ 94,091 | \$ 48,024 | \$ 3,791 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 32,760 | \$ 35,305 | \$ 3,889 | \$ 3,791 |
| Accrued liabilities | - | 1,919 | - | - |
| Deferred revenues | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Due to other funds | - | - | 44,135 | - |
| Advances from other funds | 121,470 | - | - | - |
| Total Liabilities | 154,230 | 37,224 | 48,024 | 3,791 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Notes and loans | - | - | - | - |
| Restricted for: | | | | |
| Community development | - | 56,867 | - | - |
| Public safety | - | - | - | - |
| Community services | - | - | - | - |
| Public works | 520,553 | - | - | - |
| Capital projects | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 520,553 | 56,867 | - | - |
| Total Liabilities and Fund Balances | \$ 674,783 | \$ 94,091 | \$ 48,024 | \$ 3,791 |

CITY OF WALNUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

(Continued)

| | Special Revenue Funds | | | |
|--------------------------------------------|---------------------------------|--------------------------------|-------------------------------|-----------------------|
| | Traffic Congestion Relief | Used Oil Recycling Grant | General Recycling Grant | Cable TV Education |
| Assets: | | | | |
| Pooled cash and investments | \$ - | \$ 8,609 | \$ - | \$ 88,143 |
| Receivables: | | | | |
| Accounts | - | - | - | 7,000 |
| Accrued interest | - | - | - | - |
| Deferred loans | - | - | - | - |
| Due from other governments | - | 1,773 | - | - |
| Total Assets | \$ - | \$ 10,382 | \$ - | \$ 95,143 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Accrued liabilities | - | - | - | - |
| Deferred revenues | - | - | - | - |
| Unearned revenues | - | 10,382 | - | - |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | - | 10,382 | - | - |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Notes and loans | - | - | - | - |
| Restricted for: | | | | |
| Community development | - | - | - | - |
| Public safety | - | - | - | - |
| Community services | - | - | - | 95,143 |
| Public works | - | - | - | - |
| Capital projects | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | - | - | - | 95,143 |
| Total Liabilities and Fund Balances | \$ - | \$ 10,382 | \$ - | \$ 95,143 |

CITY OF WALNUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

| | Special Revenue Funds | | | |
|---------------------------------------------|-----------------------------------------|----------------------------|----------------------------|-----------------------------|
| | Walnut Housing Authority | LACMTA Exchange | Proposition "R" | Federal Stimulus |
| Assets: | | | | |
| Pooled cash and investments | \$ 3,251,759 | \$ 42,078 | \$ 486,297 | \$ - |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Accrued interest | 4,006 | - | - | - |
| Deferred loans | 165,972 | - | - | - |
| Due from other governments | - | - | - | 172,254 |
| Total Assets | \$ 3,421,737 | \$ 42,078 | \$ 486,297 | \$ 172,254 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 42,078 | \$ - | \$ - |
| Accrued liabilities | - | - | - | - |
| Deferred revenues | - | - | - | 172,254 |
| Unearned revenues | - | - | - | - |
| Due to other funds | 42,287 | - | - | 172,254 |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 42,287 | 42,078 | - | 344,508 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Notes and loans | 165,972 | - | - | - |
| Restricted for: | | | | |
| Community development | 3,213,478 | - | 486,297 | - |
| Public safety | - | - | - | - |
| Community services | - | - | - | - |
| Public works | - | - | - | - |
| Capital projects | - | - | - | - |
| Unassigned | - | - | - | (172,254) |
| Total Fund Balances | 3,379,450 | - | 486,297 | (172,254) |
| Total Liabilities and Fund Balances: | \$ 3,421,737 | \$ 42,078 | \$ 486,297 | \$ 172,254 |

CITY OF WALNUT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

| | Total Governmental Funds |
|--------------------------------------------|-----------------------------------------|
| Assets: | |
| Pooled cash and investments | \$ 6,276,148 |
| Receivables: | |
| Accounts | 51,675 |
| Accrued interest | 4,006 |
| Deferred loans | 165,972 |
| Due from other governments | 378,973 |
| | <u>378,973</u> |
| Total Assets | <u>\$ 6,876,774</u> |
| | |
| Liabilities and Fund Balances: | |
| Liabilities: | |
| Accounts payable | \$ 141,306 |
| Accrued liabilities | 2,730 |
| Deferred revenues | 172,254 |
| Unearned revenues | 60,382 |
| Due to other funds | 275,782 |
| Advances from other funds | 121,470 |
| | <u>121,470</u> |
| Total Liabilities | <u>773,924</u> |
| | |
| Fund Balances: | |
| Nonspendable: | |
| Notes and loans | 165,972 |
| Restricted for: | |
| Community development | 3,851,539 |
| Public safety | 50,922 |
| Community services | 127,786 |
| Public works | 2,078,885 |
| Capital projects | - |
| Unassigned | <u>(172,254)</u> |
| Total Fund Balances | <u>6,102,850</u> |
| | |
| Total Liabilities and Fund Balances | <u>\$ 6,876,774</u> |

CITY OF WALNUT

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

| | Special Revenue Funds | | | |
|--------------------------------------------------------------|------------------------------|-----------------------|-----------------------------|------------------|
| | Gas Tax | Traffic Safety | Park Improvement | COPS |
| Revenues: | | | | |
| Assessments | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 836,087 | - | - | 100,000 |
| Use of money and property | 1,490 | - | - | 457 |
| Fines and forfeitures | - | 296,148 | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 837,577 | 296,148 | - | 100,457 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | 46,627 | - | 87,350 |
| Community development | - | - | - | - |
| Community services | - | - | - | - |
| Public works | 563,318 | - | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | 563,318 | 46,627 | - | 87,350 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 274,259 | 249,521 | - | 13,107 |
| Other Financing Sources (Uses): | | | | |
| Transfers out | - | (249,521) | - | - |
| Total Other Financing Sources (Uses) | - | (249,521) | - | - |
| Net Change in Fund Balances | 274,259 | - | - | 13,107 |
| Fund Balances, Beginning of Year | 95,738 | - | 32,643 | 37,815 |
| Fund Balances, End of Year | \$ 369,997 | \$ - | \$ 32,643 | \$ 50,922 |

CITY OF WALNUT

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

(Continued)

| | Special Revenue Funds | | | |
|--------------------------------------------------------------|-----------------------------|---------------------------------------|---------------------|---------------|
| | Air Quality Improvements | Waste Management Administration | Proposition C | Bikeway |
| Revenues: | | | | |
| Assessments | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 38,002 | - | 364,636 | 26,496 |
| Use of money and property | 995 | - | 14,685 | - |
| Fines and forfeitures | - | - | - | - |
| Miscellaneous | 11,421 | 101,880 | - | - |
| Total Revenues | 50,418 | 101,880 | 379,321 | 26,496 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | - | - | - |
| Community development | 10,460 | - | - | - |
| Community services | - | - | - | - |
| Public works | - | - | 25,169 | - |
| Capital outlay | 24,093 | - | 7,698 | 26,496 |
| Total Expenditures | 34,553 | - | 32,867 | 26,496 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 15,865 | 101,880 | 346,454 | - |
| Other Financing Sources (Uses): | | | | |
| Transfers out | - | (101,880) | - | - |
| Total Other Financing Sources (Uses) | - | (101,880) | - | - |
| Net Change in Fund Balances | 15,865 | - | 346,454 | - |
| Fund Balances, Beginning of Year | 79,032 | - | 841,881 | - |
| Fund Balances, End of Year | \$ 94,897 | \$ - | \$ 1,188,335 | \$ - |

CITY OF WALNUT

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

| | Special Revenue Funds | | | |
|--------------------------------------------------------------|------------------------------|----------------------|-------------------------|-------------------------------------|
| | LOSMD | Proposition A | State Park Grant | E. Byrne Justice Asst. Grant |
| Revenues: | | | | |
| Assessments | \$ 1,734,099 | \$ - | \$ - | \$ - |
| Intergovernmental | - | 439,365 | 117,951 | 21,018 |
| Use of money and property | - | 1,020 | - | 290 |
| Fines and forfeitures | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 1,734,099 | 440,385 | 117,951 | 21,308 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | - | - | 21,308 |
| Community development | - | 527,166 | - | - |
| Community services | - | - | 109,125 | - |
| Public works | 1,670,517 | - | - | - |
| Capital outlay | 52,531 | - | 8,826 | - |
| Total Expenditures | 1,723,048 | 527,166 | 117,951 | 21,308 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 11,051 | (86,781) | - | - |
| Other Financing Sources (Uses): | | | | |
| Transfers out | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balances | 11,051 | (86,781) | - | - |
| Fund Balances, Beginning of Year | 509,502 | 143,648 | - | - |
| Fund Balances, End of Year | \$ 520,553 | \$ 56,867 | \$ - | \$ - |

CITY OF WALNUT

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

(Continued)

| | Special Revenue Funds | | | |
|--------------------------------------------------------------|---------------------------------|--------------------------------|-------------------------------|-----------------------|
| | Traffic Congestion Relief | Used Oil Recycling Grant | General Recycling Grant | Cable TV Education |
| Revenues: | | | | |
| Assessments | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 8,420 | - | 30,853 |
| Use of money and property | - | - | - | 1,098 |
| Fines and forfeitures | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | - | 8,420 | - | 31,951 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | - | - | - |
| Community development | - | 8,420 | - | - |
| Community services | - | - | - | - |
| Public works | 359,673 | - | - | - |
| Capital outlay | - | - | 5,112 | - |
| Total Expenditures | 359,673 | 8,420 | 5,112 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (359,673) | - | (5,112) | 31,951 |
| Other Financing Sources (Uses): | | | | |
| Transfers out | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balances | (359,673) | - | (5,112) | 31,951 |
| Fund Balances, Beginning of Year | 359,673 | - | 5,112 | 63,192 |
| Fund Balances, End of Year | \$ - | \$ - | \$ - | \$ 95,143 |

CITY OF WALNUT

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

| | Special Revenue Funds | | | |
|--------------------------------------------------------------|--------------------------------|--------------------|--------------------|---------------------|
| | Walnut Housing Authority | LACMTA Exchange | Proposition "R" | Federal Stimulus |
| Revenues: | | | | |
| Assessments | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 272,410 | 75,543 |
| Use of money and property | 16,600 | - | 5,893 | - |
| Fines and forfeitures | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 16,600 | - | 278,303 | 75,543 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | - | - | - |
| Community development | 336,568 | - | - | - |
| Community services | - | - | - | - |
| Public works | - | 137,922 | - | - |
| Capital outlay | - | - | - | 172,254 |
| Total Expenditures | 336,568 | 137,922 | - | 172,254 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (319,968) | (137,922) | 278,303 | (96,711) |
| Other Financing Sources (Uses): | | | | |
| Transfers out | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balances | (319,968) | (137,922) | 278,303 | (96,711) |
| Fund Balances, Beginning of Year | 3,699,418 | 137,922 | 207,994 | (75,543) |
| Fund Balances, End of Year | \$ 3,379,450 | \$ - | \$ 486,297 | \$ (172,254) |

CITY OF WALNUT

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

| | Total Governmental Funds |
|--------------------------------------------------------------|-----------------------------------------|
| Revenues: | |
| Assessments | \$ 1,734,099 |
| Intergovernmental | 2,330,781 |
| Use of money and property | 42,528 |
| Fines and forfeitures | 296,148 |
| Miscellaneous | 113,301 |
| | <hr/> |
| Total Revenues | 4,516,857 |
| | <hr/> |
| Expenditures: | |
| Current: | |
| Public safety | 155,285 |
| Community development | 882,614 |
| Community services | 109,125 |
| Public works | 2,756,599 |
| Capital outlay | 297,010 |
| | <hr/> |
| Total Expenditures | 4,200,633 |
| | <hr/> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 316,224 |
| | <hr/> |
| Other Financing Sources (Uses): | |
| Transfers out | (351,401) |
| | <hr/> |
| Total Other Financing Sources (Uses) | (351,401) |
| | <hr/> |
| Net Change in Fund Balances | (35,177) |
| | <hr/> |
| Fund Balances, Beginning of Year | 6,138,027 |
| | <hr/> |
| Fund Balances, End of Year | \$ 6,102,850 |
| | <hr/> <hr/> |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-----------------------|------------------|---------------------------|-------------------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 95,738 | \$ 95,738 | \$ 95,738 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 509,000 | 509,000 | 836,087 | 327,087 |
| Use of money and property | 500 | 500 | 1,490 | 990 |
| Amounts Available for Appropriation | 605,238 | 605,238 | 933,315 | 328,077 |
| Charges to Appropriation (Outflow): | | | | |
| Community development | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Charges to Appropriations | 585,290 | 585,628 | 563,318 | 22,310 |
| Budgetary Fund Balance, June 30 | \$ 19,948 | \$ 19,610 | \$ 369,997 | \$ 350,387 |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-------------------|-------------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Fines and forfeitures | 315,000 | 315,000 | 296,148 | (18,852) |
| Amounts Available for Appropriation | 315,000 | 315,000 | 296,148 | (18,852) |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | 49,920 | 49,921 | 46,627 | 3,294 |
| Community development | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Charges to Appropriations | 49,920 | 49,921 | 296,148 | (246,227) |
| Budgetary Fund Balance, June 30 | \$ 265,080 | \$ 265,079 | \$ - | \$ (265,079) |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
COPS
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-----------------------|------------------|---------------------------|-------------------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 37,815 | \$ 37,815 | \$ 37,815 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 100,000 | 100,000 | 100,000 | - |
| Use of money and property | 100 | 100 | 457 | 357 |
| Amounts Available for Appropriation | 137,915 | 137,915 | 138,272 | 357 |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | 92,320 | 92,320 | 87,350 | 4,970 |
| Community development | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Charges to Appropriations | 92,320 | 92,320 | 87,350 | 4,970 |
| Budgetary Fund Balance, June 30 | \$ 45,595 | \$ 45,595 | \$ 50,922 | \$ 5,327 |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENTS
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-------------------|------------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 79,032 | \$ 79,032 | \$ 79,032 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 36,750 | 36,750 | 38,002 | 1,252 |
| Use of money and property | 100 | 100 | 995 | 895 |
| Miscellaneous | - | - | 11,421 | 11,421 |
| Amounts Available for Appropriation | 115,882 | 115,882 | 129,450 | 13,568 |
| Charges to Appropriation (Outflow): | | | | |
| Community development | 15,100 | 15,100 | 10,460 | 4,640 |
| Capital outlay | - | 27,500 | 24,093 | 3,407 |
| Total Charges to Appropriations | 15,100 | 42,600 | 34,553 | 8,047 |
| Budgetary Fund Balance, June 30 | \$ 100,782 | \$ 73,282 | \$ 94,897 | \$ 21,615 |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
WASTE MANAGEMENT ADMINISTRATION
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|------------------|------------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Miscellaneous | 82,000 | 82,000 | 101,880 | 19,880 |
| Amounts Available for Appropriation | 82,000 | 82,000 | 101,880 | 19,880 |
| Charges to Appropriation (Outflow): | | | | |
| Community development | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Charges to Appropriations | - | - | 101,880 | (101,880) |
| Budgetary Fund Balance, June 30 | \$ 82,000 | \$ 82,000 | \$ - | \$ (82,000) |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION C
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-----------------------|---------------------|---------------------------|-------------------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 841,881 | \$ 841,881 | \$ 841,881 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 363,000 | 363,000 | 364,636 | 1,636 |
| Use of money and property | 10,000 | 10,000 | 14,685 | 4,685 |
| Amounts Available for Appropriation | 1,214,881 | 1,214,881 | 1,221,202 | 6,321 |
| Charges to Appropriation (Outflow): | | | | |
| Public works | 20,910 | 27,910 | 25,169 | 2,741 |
| Capital outlay | 19,000 | 12,000 | 7,698 | 4,302 |
| Total Charges to Appropriations | 39,910 | 39,910 | 32,867 | 7,043 |
| Budgetary Fund Balance, June 30 | \$ 1,174,971 | \$ 1,174,971 | \$ 1,188,335 | \$ 13,364 |

CITY OF WALNUT

BUDGETARY COMPARISON SCHEDULE
 BIKEWAY
 YEAR ENDED JUNE 30, 2011

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|------------------|--------------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 13,000 | 13,000 | 26,496 | 13,496 |
| Amounts Available for Appropriation | 13,000 | 13,000 | 26,496 | 13,496 |
| Charges to Appropriation (Outflow): | | | | |
| Community development | - | - | - | - |
| Capital outlay | - | 26,496 | 26,496 | - |
| Total Charges to Appropriations | - | 26,496 | 26,496 | - |
| Budgetary Fund Balance, June 30 | \$ 13,000 | \$ (13,496) | \$ - | \$ 13,496 |

CITY OF WALNUT

BUDGETARY COMPARISON SCHEDULE
 LOSMD
 YEAR ENDED JUNE 30, 2011

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-------------------|-------------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 509,502 | \$ 509,502 | \$ 509,502 | \$ - |
| Resources (Inflows): | | | | |
| Assessments | 1,723,680 | 1,723,680 | 1,734,099 | 10,419 |
| Amounts Available for Appropriation | 2,233,182 | 2,233,182 | 2,243,601 | 10,419 |
| Charges to Appropriation (Outflow): | | | | |
| Public works | 1,821,950 | 1,809,093 | 1,670,517 | 138,576 |
| Capital outlay | 48,110 | 64,960 | 52,531 | 12,429 |
| Total Charges to Appropriations | 1,870,060 | 1,874,053 | 1,723,048 | 151,005 |
| Budgetary Fund Balance, June 30 | \$ 363,122 | \$ 359,129 | \$ 520,553 | \$ 161,424 |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION A
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-----------------------|------------------|---------------------------|-------------------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 143,648 | \$ 143,648 | \$ 143,648 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 437,000 | 437,000 | 439,365 | 2,365 |
| Use of money and property | 7,000 | 7,000 | 1,020 | (5,980) |
| Amounts Available for Appropriation | 587,648 | 587,648 | 584,033 | (3,615) |
| Charges to Appropriation (Outflow): | | | | |
| Community development | 420,540 | 577,261 | 527,166 | 50,095 |
| Capital outlay | - | - | - | - |
| Total Charges to Appropriations | 420,540 | 577,261 | 527,166 | 50,095 |
| Budgetary Fund Balance, June 30 | \$ 167,108 | \$ 10,387 | \$ 56,867 | \$ 46,480 |

CITY OF WALNUT

BUDGETARY COMPARISON SCHEDULE
 STATE PARK GRANT
 YEAR ENDED JUNE 30, 2011

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|----------------|-------------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 124,830 | 124,830 | 117,951 | (6,879) |
| Amounts Available for Appropriation | 124,830 | 124,830 | 117,951 | (6,879) |
| Charges to Appropriation (Outflow): | | | | |
| Community services | 124,830 | 124,830 | 109,125 | 15,705 |
| Capital outlay | - | 8,826 | 8,826 | - |
| Total Charges to Appropriations | 124,830 | 133,656 | 117,951 | 15,705 |
| Budgetary Fund Balance, June 30 | \$ - | \$ (8,826) | \$ - | \$ 8,826 |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
EDWARD BYRNE JUSTICE ASSISTANCE GRANT
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|------------------|---------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 21,020 | 21,020 | 21,018 | (2) |
| Use of money and property | - | - | 290 | 290 |
| Amounts Available for Appropriation | 21,020 | 21,020 | 21,308 | 288 |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | - | 21,020 | 21,308 | (288) |
| Community development | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Charges to Appropriations | - | 21,020 | 21,308 | (288) |
| Budgetary Fund Balance, June 30 | \$ 21,020 | \$ - | \$ - | \$ - |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC CONGESTION RELIEF
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-------------------|-------------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 359,673 | \$ 359,673 | \$ 359,673 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 321,650 | 321,650 | - | (321,650) |
| Amounts Available for Appropriation | 681,323 | 681,323 | 359,673 | (321,650) |
| Charges to Appropriation (Outflow): | | | | |
| Community development | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Charges to Appropriations | - | 359,673 | 359,673 | - |
| Budgetary Fund Balance, June 30 | \$ 681,323 | \$ 321,650 | \$ - | \$ (321,650) |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
USED OIL RECYCLING GRANT
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-------------------|-------------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 7,820 | 7,820 | 8,420 | 600 |
| Use of money and property | 100 | 100 | - | (100) |
| Amounts Available for Appropriation | 7,920 | 7,920 | 8,420 | 500 |
| Charges to Appropriation (Outflow): | | | | |
| Community development | 9,000 | 9,000 | 8,420 | 580 |
| Capital outlay | - | - | - | - |
| Total Charges to Appropriations | 9,000 | 9,000 | 8,420 | 580 |
| Budgetary Fund Balance, June 30 | \$ (1,080) | \$ (1,080) | \$ - | \$ 1,080 |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
GENERAL RECYCLING GRANT
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-----------------|--------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 5,112 | \$ 5,112 | \$ 5,112 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | - | - | - |
| Amounts Available for Appropriation | 5,112 | 5,112 | 5,112 | - |
| Charges to Appropriation (Outflow): | | | | |
| Community development | - | - | - | - |
| Capital outlay | - | 5,110 | 5,112 | (2) |
| Total Charges to Appropriations | - | 5,110 | 5,112 | (2) |
| Budgetary Fund Balance, June 30 | \$ 5,112 | \$ 2 | \$ - | \$ (2) |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
CABLE TV EDUCATION
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|------------------|------------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 63,192 | \$ 63,192 | \$ 63,192 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 38,000 | 38,000 | 30,853 | (7,147) |
| Use of money and property | - | - | 1,098 | 1,098 |
| Amounts Available for Appropriation | 101,192 | 101,192 | 95,143 | (6,049) |
| Charges to Appropriation (Outflow): | | | | |
| Community development | - | - | - | - |
| Capital outlay | 30,000 | 30,000 | - | 30,000 |
| Total Charges to Appropriations | 30,000 | 30,000 | - | 30,000 |
| Budgetary Fund Balance, June 30 | \$ 71,192 | \$ 71,192 | \$ 95,143 | \$ 23,951 |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
WALNUT HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|---------------------|---------------------|---------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 3,699,418 | \$ 3,699,418 | \$ 3,699,418 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | - | - | 16,600 | 16,600 |
| Amounts Available for Appropriation | 3,699,418 | 3,699,418 | 3,716,018 | 16,600 |
| Charges to Appropriation (Outflow): | | | | |
| Community development | 367,660 | 387,660 | 336,568 | 51,092 |
| Capital outlay | - | - | - | - |
| Total Charges to Appropriations | 367,660 | 387,660 | 336,568 | 51,092 |
| Budgetary Fund Balance, June 30 | \$ 3,331,758 | \$ 3,311,758 | \$ 3,379,450 | \$ 67,692 |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
LACMTA EXCHANGE
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-------------------|----------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 137,922 | \$ 137,922 | \$ 137,922 | \$ - |
| Resources (Inflows): | | | | |
| Amounts Available for Appropriation | 137,922 | 137,922 | 137,922 | - |
| Charges to Appropriation (Outflow): | | | | |
| Community development | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Charges to Appropriations | - | 137,922 | 137,922 | - |
| Budgetary Fund Balance, June 30 | \$ 137,922 | \$ - | \$ - | \$ - |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION "R"
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-----------------------|-------------------|---------------------------|-------------------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 207,994 | \$ 207,994 | \$ 207,994 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 272,000 | 272,000 | 272,410 | 410 |
| Use of money and property | - | - | 5,893 | 5,893 |
| Amounts Available for Appropriation | 479,994 | 479,994 | 486,297 | 6,303 |
| Charges to Appropriation (Outflow): | | | | |
| Community development | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Charges to Appropriations | 156,720 | - | - | - |
| Budgetary Fund Balance, June 30 | \$ 323,274 | \$ 479,994 | \$ 486,297 | \$ 6,303 |

CITY OF WALNUT

**BUDGETARY COMPARISON STATEMENT
FEDERAL STIMULUS
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-----------------------|---------------------|---------------------------|-------------------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (75,543) | \$ (75,543) | \$ (75,543) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | - | 75,543 | 75,543 |
| Amounts Available for Appropriation | (75,543) | (75,543) | - | 75,543 |
| Charges to Appropriation (Outflow): | | | | |
| Community development | - | - | - | - |
| Capital outlay | - | 172,264 | 172,254 | 10 |
| Total Charges to Appropriations | - | 172,264 | 172,254 | 10 |
| Budgetary Fund Balance, June 30 | \$ (75,543) | \$ (247,807) | \$ (172,254) | \$ 75,553 |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|-----------------------|-----------------------|---------------------------|-------------------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 4,199,124 | \$ 4,199,124 | \$ 4,199,124 | \$ - |
| Resources (Inflows): | | | | |
| Miscellaneous | 1,980 | 1,980 | 25,244 | 23,264 |
| Transfers in | - | - | 7,713,701 | 7,713,701 |
| Amounts Available for Appropriation | 4,201,104 | 4,201,104 | 11,938,069 | 7,736,965 |
| Charges to Appropriation (Outflow): | | | | |
| Capital outlay | 2,311,000 | 5,264,189 | 4,286,453 | 977,736 |
| Total Charges to Appropriations | 2,311,000 | 5,264,189 | 4,286,453 | 977,736 |
| Budgetary Fund Balance, June 30 | \$ 1,890,104 | \$ (1,063,085) | \$ 7,651,616 | \$ 8,714,701 |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
WIA PROJECT
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|----------------------|---------------------|---------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 10,871,487 | \$ 10,871,487 | \$ 10,871,487 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 875,000 | 875,000 | 875,000 | - |
| Use of money and property | 189,500 | 189,500 | 68,150 | (121,350) |
| Transfers in | - | - | 90,000 | 90,000 |
| Amounts Available for Appropriation | 11,935,987 | 11,935,987 | 11,904,637 | (31,350) |
| Charges to Appropriation (Outflow): | | | | |
| General government | 194,460 | 195,155 | 189,437 | 5,718 |
| Capital outlay | 33,419 | 2,383,419 | 2,559,194 | (175,775) |
| Transfers out | 556,763 | 556,763 | 556,763 | - |
| Total Charges to Appropriations | 784,642 | 3,135,337 | 3,305,394 | (170,057) |
| Budgetary Fund Balance, June 30 | \$ 11,151,345 | \$ 8,800,650 | \$ 8,599,243 | \$ (201,407) |

CITY OF WALNUT

**BUDGETARY COMPARISON SCHEDULE
WIA DEBT SERVICE
YEAR ENDED JUNE 30, 2011**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------|---------------------|---------------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 600,897 | \$ 600,897 | \$ 600,897 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 3,125,000 | 3,125,000 | 3,125,000 | - |
| Use of money and property | 14,000 | 14,000 | 10,137 | (3,863) |
| Transfers in | - | - | 556,763 | 556,763 |
| Amounts Available for Appropriation | 3,739,897 | 3,739,897 | 4,292,797 | 552,900 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 405,517 | 405,517 | 407,579 | (2,062) |
| Debt service: | | | | |
| Principal retirement | 1,865,000 | 1,865,000 | 1,865,000 | - |
| Interest and fiscal charges | 1,587,673 | 1,587,673 | 1,587,674 | (1) |
| Transfers out | - | - | 90,000 | (90,000) |
| Total Charges to Appropriations | 3,858,190 | 3,858,190 | 3,950,253 | (92,063) |
| Budgetary Fund Balance, June 30 | \$ (118,293) | \$ (118,293) | \$ 342,544 | \$ 460,837 |

CITY OF WALNUT

COMBINING BALANCE SHEET
TRUST AND AGENCY FUND
JUNE 30, 2011

| | <u>Trust and Agency</u> |
|-----------------------------|--------------------------|
| Assets: | |
| Pooled cash and investments | \$ 590,810 |
| Receivables: | |
| Accounts | <u>210</u> |
| Total Assets | <u>\$ 591,020</u> |
| Accounts payable | \$ 1,200 |
| Deposits payable | <u>589,820</u> |
| Total Liabilities | <u>\$ 591,020</u> |

CITY OF WALNUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 TRUST AND AGENCY FUND
 YEAR ENDED JUNE 30, 2011

| | <u>Balance July 1, 2009</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2010</u> |
|--------------------------------|---------------------------------|--------------------------|-------------------------|----------------------------------|
| <u>Trust and Agency</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 504,880 | \$ 108,267 | \$ 22,337 | \$ 590,810 |
| Receivables: | | | | |
| Accounts | 210 | 1,260 | 1,260 | 210 |
| Total Assets | <u>\$ 505,090</u> | <u>\$ 109,527</u> | <u>\$ 23,597</u> | <u>\$ 591,020</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 2,495 | \$ 13,212 | \$ 14,507 | \$ 1,200 |
| Deposits payable | 502,595 | 107,067 | 19,842 | 589,820 |
| Total Liabilities | <u>\$ 505,090</u> | <u>\$ 120,279</u> | <u>\$ 34,349</u> | <u>\$ 591,020</u> |

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CITY OF WALNUT

Statistical Section

Financial Trends Information - These schedules contain trend information to assist the reader understand how the City of Walnut financial position has changed over time.

| | |
|-----------------------------------------------------|----|
| Net Assets by Component..... | 90 |
| Changes in Net Assets..... | 92 |
| Fund Balance of Governmental Funds..... | 96 |
| Changes in Fund Balances of Governmental Funds..... | 98 |

Revenue Capacity Information – These schedules contain information to assist the reader understand and assess factors affecting City of Walnut ability and capacity to raise revenues.

| | |
|-------------------------------------------------------------|-----|
| Assessed Value and Estimated Value of Taxable Property..... | 100 |
| Special Benefit Assessment Billings and Collection..... | 102 |

Debt Capacity Information – These schedules contain trend information to assist reader understand the City of Walnut outstanding debt, the capacity to repay that debt, and the ability to issue additional debt in the future.

| | |
|------------------------------------------------|-----|
| Direct and Overlapping Property Tax Rates..... | 104 |
| Principal Property Tax Payers..... | 107 |
| Property Tax Levies and Collections..... | 108 |
| Ratios of Outstanding Debt..... | 110 |
| Direct and Overlapping Debt..... | 113 |
| Legal Debt Margin Information..... | 114 |

Demographic and Economic Information – These schedules contain trend information to assist reader understand the socioeconomic environment within which the City of Walnut operates and facilitates comparison of financial information over time and among governments.

| | |
|-------------------------------------------|-----|
| Demographic and Economic Information..... | 116 |
| Principal Employer..... | 119 |

Operating Information – These schedules assist readers in using financial statement information to understand and assess City of Walnut operation and resources as well as economic condition.

| | |
|---------------------------------------------|-----|
| Fulltime Employees..... | 120 |
| Construction and Bank Deposit Activity..... | 122 |
| Insurance Information..... | 125 |
| Operating Indicators by Function..... | 126 |
| Capital Assets Statistics..... | 128 |

Miscellaneous Statistics – This information may provide the reader with more insight in the City of Walnut financial and demographic status.

| | |
|-------------------------------|-----|
| Miscellaneous Statistics..... | 130 |
|-------------------------------|-----|

CITY OF WALNUT

Net Assets by Component

Last Ten Fiscal Years
(accrual basis of accounting)

| Fiscal Year | 2002 | 2003 | 2004 | 2005 |
|----------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental Activities: | | | | |
| Invested in capital assets, net of related debt | 8,161,032 | 62,440,235 | 63,005,008 | 62,081,438 |
| Restricted | 14,332,210 | 7,161,920 | 5,615,615 | 6,428,428 |
| Unrestricted | 11,367,466 | 6,980,822 | 5,794,747 | 8,052,317 |
| Total governmental activities net assets | 33,860,708 | 76,582,977 | 74,415,370 | 76,562,183 |
| | | | | |
| Primary government: | | | | |
| Invested in capital assets, net of related debt | 8,161,032 | 62,440,235 | 63,005,008 | 62,081,438 |
| Restricted | 14,332,210 | 7,161,920 | 5,615,615 | 6,428,428 |
| Unrestricted | 11,367,466 | 6,980,822 | 5,794,747 | 8,052,317 |
| Total primary government net assets | 33,860,708 | 76,582,977 | 74,415,370 | 76,562,183 |

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 35,902,801 | 34,921,027 | 36,798,039 | 38,410,650 | 42,601,776 | 48,251,887 |
| 9,267,306 | 18,036,990 | 26,653,736 | 20,089,665 | 15,843,757 | 13,095,293 |
| <u>32,432,673</u> | <u>27,336,676</u> | <u>18,838,004</u> | <u>26,378,106</u> | <u>27,948,295</u> | <u>24,845,765</u> |
| <u>77,602,780</u> | <u>80,294,693</u> | <u>82,289,779</u> | <u>84,878,421</u> | <u>86,393,828</u> | <u>86,192,945</u> |

| | | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 35,902,801 | 34,921,027 | 36,798,039 | 38,410,650 | 42,601,776 | 48,251,887 |
| 9,267,306 | 18,036,990 | 26,653,736 | 20,089,665 | 15,843,757 | 13,095,293 |
| <u>32,432,673</u> | <u>27,336,676</u> | <u>18,838,004</u> | <u>26,378,106</u> | <u>27,948,295</u> | <u>24,845,765</u> |
| <u>77,602,780</u> | <u>80,294,693</u> | <u>82,289,779</u> | <u>84,878,421</u> | <u>86,393,828</u> | <u>86,192,945</u> |

CITY OF WALNUT
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

| Fiscal Year | 2002 | 2003 | 2004 | 2005 |
|-------------------------------------------------------|--------------------|---------------------|---------------------|---------------------|
| Expenses: | | | | |
| Governmental activities: | | | | |
| General government | 4,774,235 | 4,999,614 | 5,512,788 | 4,795,329 |
| Public safety | 2,943,472 | 2,928,440 | 2,674,586 | 2,770,104 |
| Community development | | | 45,837 | 45,837 |
| Public works | 5,050,189 | 8,048,527 | 6,098,817 | 10,062,618 |
| Community services | 357,527 | 2,695,609 | 2,751,021 | 2,952,865 |
| Interest on long-term debt | 1,947,144 | 4,056,471 | 1,978,475 | 1,986,861 |
| Total governmental activities expenses | 15,072,567 | 22,728,661 | 19,061,524 | 22,613,614 |
| | | | | |
| Total primary government expenses | 15,072,567 | 22,728,661 | 19,061,524 | 22,613,614 |
| | | | | |
| Program revenues: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 355,604 | 385,499 | 349,373 | 1,179,294 |
| Public safety | 297,585 | 335,515 | 300,599 | 317,679 |
| Community development | - | - | - | - |
| Public works | 2,846,489 | 2,991,147 | 2,453,119 | 2,418,617 |
| Community services | 393,825 | 511,275 | 633,380 | 559,972 |
| Operating contributions and grants | 2,266,232 | 2,292,047 | 2,911,317 | 2,974,678 |
| Capital contributions and grants | - | - | - | 1,000,000 |
| Total governmental activities program revenues | 6,159,735 | 6,515,483 | 6,647,788 | 8,450,240 |
| | | | | |
| Total primary government program revenues | 6,159,735 | 6,515,483 | 6,647,788 | 8,450,240 |
| | | | | |
| Net revenues (expenses): | | | | |
| Governmental Activities | (8,912,832) | (16,213,178) | (12,413,736) | (14,163,374) |
| | | | | |
| Total net revenues (expenses) | (8,912,832) | (16,213,178) | (12,413,736) | (14,163,374) |

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 5,054,406 | 2,991,143 | 2,769,726 | 3,226,303 | 4,772,852 | 3,345,592 |
| 2,989,829 | 3,088,598 | 3,329,302 | 3,340,472 | 3,521,482 | 3,592,626 |
| 45,838 | 1,997,573 | 1,202,761 | 2,178,134 | 2,281,597 | 2,549,053 |
| 8,835,467 | 5,229,276 | 7,445,082 | 7,371,765 | 5,721,516 | 6,652,419 |
| 3,023,509 | 3,335,099 | 3,483,986 | 3,772,843 | 3,638,317 | 3,540,411 |
| 1,894,069 | 1,895,126 | 1,842,909 | 1,753,614 | 1,658,288 | 1,557,845 |
| <u>21,843,118</u> | <u>18,536,815</u> | <u>20,073,766</u> | <u>21,643,131</u> | <u>21,594,052</u> | <u>21,237,946</u> |
| <u>21,843,118</u> | <u>18,536,815</u> | <u>20,073,766</u> | <u>21,643,131</u> | <u>21,594,052</u> | <u>21,237,946</u> |
| 593,366 | 418,788 | 436,607 | 252,838 | 435,446 | 355,674 |
| 284,052 | 461,071 | 659,740 | 476,624 | 767,047 | 666,807 |
| - | 1,587 | 691 | 2,351,423 | 1,412 | 1,832 |
| 2,472,515 | 3,103,468 | 3,251,964 | 2,748,454 | 3,550,745 | 4,045,899 |
| 666,013 | 612,060 | 641,497 | 665,589 | 693,213 | 737,898 |
| 2,435,678 | 1,251,766 | 1,651,646 | 1,581,554 | 1,294,198 | 1,508,654 |
| - | 1,103,303 | 1,396,095 | 2,816,128 | 2,116,179 | 1,269,905 |
| <u>6,451,624</u> | <u>6,952,043</u> | <u>8,038,240</u> | <u>10,892,610</u> | <u>8,858,240</u> | <u>8,586,669</u> |
| <u>6,451,624</u> | <u>6,952,043</u> | <u>8,038,240</u> | <u>10,892,610</u> | <u>8,858,240</u> | <u>8,586,669</u> |
| (15,391,494) | (11,584,772) | (12,035,526) | (10,750,521) | (12,735,812) | (12,651,277) |
| <u>(15,391,494)</u> | <u>(11,584,772)</u> | <u>(12,035,526)</u> | <u>(10,750,521)</u> | <u>(12,735,812)</u> | <u>(12,651,277)</u> |

CITY OF WALNUT
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

| Fiscal Year | 2002 | 2003 | 2004 | 2005 |
|----------------------------------------------------------|------------------|--------------------|--------------------|-------------------|
| General revenues and other changes in net assets: | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | 5,256,128 | 5,337,951 | 5,795,135 | 9,681,486 |
| Sales tax | 1,306,311 | 1,223,170 | 1,539,861 | 1,834,885 |
| Franchise tax | 621,732 | 629,100 | 690,493 | 726,561 |
| Business license tax | 104,153 | 108,758 | 109,088 | 106,027 |
| Other taxes | 259,542 | 264,723 | 322,475 | 460,276 |
| Motor vehicle in lieu, unrestricted | 1,684,558 | 1,815,742 | 1,417,410 | 2,644,095 |
| Use of money and property | 1,634,268 | 1,088,688 | 359,316 | 991,213 |
| Gain/(loss) on sale of assets | - | - | - | - |
| Other general revenues | 13,272 | 8,339 | 12,351 | 85,452 |
| Transfers | | | | |
| Loss on city hall demolition | (1,133,543) | - | - | - |
| Total governmental activities general revenues | <u>9,746,421</u> | <u>10,476,471</u> | <u>10,246,129</u> | <u>16,529,995</u> |
| Total primary government general revenues | <u>9,746,421</u> | <u>10,476,471</u> | <u>10,246,129</u> | <u>16,529,995</u> |
| Changes in net assets | | | | |
| Governmental activities | <u>833,589</u> | <u>(5,736,707)</u> | <u>(2,167,607)</u> | <u>2,366,621</u> |
| Total primary government changes in Net Asset | <u>833,589</u> | <u>(5,736,707)</u> | <u>(2,167,607)</u> | <u>2,366,621</u> |

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 11,579,427 | 8,928,958 | 9,037,419 | 9,206,489 | 9,027,185 | 9,108,449 |
| 1,918,201 | 1,604,594 | 1,381,501 | 1,211,247 | 1,176,710 | 1,410,358 |
| 770,143 | 896,022 | 805,605 | 895,972 | 844,511 | 850,101 |
| 97,711 | 102,722 | 113,472 | 103,799 | 103,168 | 101,437 |
| 324,366 | 260,610 | 270,597 | 301,285 | 299,952 | 304,384 |
| 217,427 | 221,039 | 148,638 | 99,881 | 106,989 | 184,471 |
| 1,350,857 | 2,300,378 | 2,207,738 | 1,429,481 | 741,999 | 477,150 |
| (4,534) | - | - | - | - | - |
| 39,628 | 4,443 | 12,833 | 91,009 | 546,539 | 14,044 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>16,293,226</u> | <u>14,318,766</u> | <u>13,977,803</u> | <u>13,339,163</u> | <u>12,847,053</u> | <u>12,450,394</u> |
| <u>16,293,226</u> | <u>14,318,766</u> | <u>13,977,803</u> | <u>13,339,163</u> | <u>12,847,053</u> | <u>12,450,394</u> |
| <u>901,732</u> | <u>2,733,994</u> | <u>1,942,277</u> | <u>2,588,642</u> | <u>111,241</u> | <u>(200,883)</u> |
| <u>901,732</u> | <u>2,733,994</u> | <u>1,942,277</u> | <u>2,588,642</u> | <u>111,241</u> | <u>(200,883)</u> |

CITY OF WALNUT
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| Fiscal Year | 2002 | 2003 | 2004 | 2005 |
|-------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund: | | | | |
| Reserved | 4,246,782 | 721,249 | 525,061 | 542,318 |
| Unreserved | 13,628,637 | 17,165,442 | 16,922,103 | 19,079,367 |
| Nonspendable: | | | | |
| Prepaid costs | | | | |
| Notes and loans | | | | |
| Advances to other Funds | | | | |
| Long term receivable | | | | |
| Committed to: | | | | |
| Disaster recovery | | | | |
| Self-insurance | | | | |
| Other post-employment benefits | | | | |
| Facility maintenance | | | | |
| Assigned to: | | | | |
| Three Oaks Recreation Facility | | | | |
| Maintenance and operations | | | | |
| Unassigned | | | | |
| Total General Fund | <u>17,875,419</u> | <u>17,886,691</u> | <u>17,447,164</u> | <u>19,621,685</u> |
| All other governmental funds: | | | | |
| Reserved | 1,277,591 | 11,631,730 | 10,650,403 | 12,039,493 |
| Unreserved, reported in: | | | | |
| Special Revenue Funds | 3,909,420 | 5,747,878 | 5,576,034 | 5,930,213 |
| Debt Service Fund | 1,738,917 | 1,838,835 | 1,587,083 | 1,778,184 |
| Capital Project Funds | 16,101,264 | 4,983,794 | 4,102,208 | 2,931,596 |
| Nonspendable: | | | | |
| Prepaid costs | | | | |
| Notes and loans | | | | |
| Advances to other Funds | | | | |
| Restricted for: | | | | |
| Community development | | | | |
| Public safety | | | | |
| Community services | | | | |
| Public works | | | | |
| Capital projects | | | | |
| Debt service | | | | |
| Committed to: | | | | |
| Capital projects | | | | |
| Unassigned | | | | |
| Total all other governmental funds | <u>23,027,192</u> | <u>24,202,237</u> | <u>21,915,728</u> | <u>22,679,486</u> |

The City of Walnut implemented GASB 54 for the fiscal year ended 06/30/10. Information prior to the implementation of GASB 54 is not available.

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 644,221 | 803,550 | 328,238 | 524,422 | | |
| 20,803,557 | 17,627,999 | 19,240,088 | 21,171,230 | | |
| | | | | 363,158 | 343,093 |
| | | | | - | - |
| | | | | 114,690 | 121,470 |
| | | | | - | 95,948 |
| | | | | 1,000,000 | 1,000,000 |
| | | | | 1,000,000 | 1,000,000 |
| | | | | 775,000 | 774,840 |
| | | | | 4,226,617 | 3,916,439 |
| | | | | 2,350,000 | 2,350,000 |
| | | | | 11,398,050 | 5,400,817 |
| | | | | 724,857 | - |
| <u>21,447,778</u> | <u>18,431,549</u> | <u>19,568,326</u> | <u>21,695,652</u> | <u>21,952,372</u> | <u>15,002,607</u> |
| 11,656,136 | 7,916,720 | 8,622,231 | 8,529,296 | | |
| 6,060,260 | 6,355,428 | 6,756,155 | 5,419,127 | | |
| 1,921,620 | 1,926,700 | 2,056,878 | 2,148,160 | | |
| 1,168,550 | 10,295,167 | 9,335,739 | 8,707,745 | | |
| | | | | 1,537 | - |
| | | | | 220,188 | 165,972 |
| | | | | 1,622,009 | 1,955,626 |
| | | | | 13,302,416 | 10,495,156 |
| | | | | 37,815 | 50,922 |
| | | | | 95,835 | 127,786 |
| | | | | 1,447,121 | 2,078,885 |
| | | | | 359,673 | - |
| | | | | 600,897 | 342,544 |
| | | | | 4,199,124 | 7,651,616 |
| | | | | (77,080) | (172,254) |
| <u>20,806,566</u> | <u>26,494,015</u> | <u>26,771,003</u> | <u>24,804,328</u> | <u>21,809,535</u> | <u>22,696,253</u> |

CITY OF WALNUT
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| Fiscal Year | 2002 | 2003 | 2004 | 2005 |
|--------------------------------------------------------------|--------------------|--------------------|--------------------|-------------------|
| Revenues: | | | | |
| Taxes | 7,147,866 | 7,163,702 | 7,792,052 | 8,714,370 |
| Assessments | 1,730,353 | 1,728,209 | 1,747,361 | 1,722,634 |
| Licenses and permits | 840,896 | 988,666 | 570,648 | 551,736 |
| Fines and forfeitures | 278,460 | 317,070 | 284,987 | 301,370 |
| Use of money and property | 1,634,268 | 1,088,688 | 359,316 | 991,213 |
| Developer participation | - | - | - | - |
| Intergovernmental | 4,411,480 | 4,591,934 | 5,085,172 | 9,677,688 |
| Charges for services | 629,856 | 721,250 | 717,247 | 643,289 |
| Other | 373,720 | 392,435 | 337,134 | 2,252,018 |
| Total Revenues | <u>17,046,899</u> | <u>16,991,954</u> | <u>16,893,917</u> | <u>24,854,318</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 4,780,124 | 5,181,709 | 5,297,069 | 4,726,183 |
| Public safety | 2,940,456 | 2,929,829 | 2,664,777 | 2,758,997 |
| Community development | - | - | - | - |
| Public works | 5,733,499 | 11,186,914 | 5,735,303 | 7,958,589 |
| Community services | 3,311,107 | 2,653,150 | 2,374,394 | 2,580,272 |
| Capital outlay | 1,761,425 | - | 147,041 | 387,121 |
| Debt service: | | | | |
| Principal retirement | 1,065,000 | 1,115,000 | 1,520,000 | 1,625,000 |
| Interest and fiscal charges | 1,840,615 | 2,070,169 | 2,047,091 | 2,056,771 |
| Cost of issuance of bonds | - | - | - | - |
| Payment to refunded bond escrow | - | 916,741 | - | - |
| Total expenditures | <u>21,432,226</u> | <u>26,053,512</u> | <u>19,785,675</u> | <u>22,092,933</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,385,327)</u> | <u>(9,061,558)</u> | <u>(2,891,758)</u> | <u>2,761,385</u> |
| Other financing sources (uses): | | | | |
| Transfer in | 4,079,511 | 14,523,568 | 887,708 | 900,325 |
| Transfer out | (4,079,511) | (14,523,568) | (887,708) | (900,325) |
| Long-term debt | - | - | 165,722 | 176,894 |
| Refunding bonds issued | - | 26,055,000 | - | - |
| Other bonds issued | - | 155,253 | - | - |
| Payment to refunded bond agent | - | (17,511,590) | - | - |
| Premium on refunding bonds | - | 1,549,212 | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>10,247,875</u> | <u>165,722</u> | <u>176,894</u> |
| Net change in fund balances | <u>(4,385,327)</u> | <u>1,186,317</u> | <u>(2,726,036)</u> | <u>2,938,279</u> |
| Debt service as a percentage of noncapital expenditures | 18.65% | 15.72% | 19.94% | 17.06% |

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| 13,091,332 | 11,518,871 | 12,115,450 | 11,737,578 | 11,407,058 | 11,630,777 |
| 1,726,214 | 1,720,596 | 1,725,028 | 1,729,903 | 1,741,026 | 1,734,099 |
| 476,759 | 895,101 | 1,227,528 | 748,964 | 1,574,924 | 2,145,139 |
| 261,156 | 393,921 | 639,872 | 422,324 | 633,644 | 546,526 |
| 1,350,857 | 2,300,378 | 2,207,738 | 1,429,481 | 741,999 | 477,150 |
| - | - | - | 2,350,000 | - | - |
| 4,313,520 | 2,875,705 | 2,948,869 | 4,536,819 | 3,428,712 | 2,828,261 |
| 917,215 | 1,165,393 | 964,889 | 980,571 | 1,055,010 | 1,022,936 |
| 433,768 | 405,880 | 371,726 | 312,789 | 957,482 | 340,414 |
| <u>22,570,821</u> | <u>21,275,845</u> | <u>22,201,100</u> | <u>24,248,429</u> | <u>21,539,855</u> | <u>20,725,302</u> |
| 5,004,389 | 2,419,162 | 2,532,964 | 2,928,689 | 4,497,970 | 3,100,614 |
| 2,922,965 | 3,073,687 | 3,318,783 | 3,331,531 | 3,510,790 | 3,582,217 |
| - | 1,997,573 | 2,186,114 | 2,178,134 | 2,281,597 | 2,489,606 |
| 7,940,572 | 3,101,371 | 5,333,110 | 4,838,161 | 3,363,288 | 3,774,075 |
| 2,968,011 | 2,937,080 | 3,067,167 | 3,327,550 | 3,206,592 | 3,115,808 |
| 469,652 | 1,584,417 | 932,242 | 4,015,830 | 3,947,995 | 7,273,355 |
| 1,675,000 | 1,730,000 | 1,790,000 | 1,810,000 | 1,835,000 | 1,865,000 |
| 1,964,745 | 1,920,805 | 1,856,295 | 1,767,554 | 1,634,696 | 1,587,674 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>22,945,334</u> | <u>18,764,095</u> | <u>21,016,675</u> | <u>24,197,449</u> | <u>24,277,928</u> | <u>26,788,349</u> |
| (374,513) | 2,511,750 | 1,184,425 | 50,980 | (2,738,073) | (6,063,047) |
| 2,159,266 | 6,726,187 | 2,291,082 | 1,353,392 | 2,217,414 | 8,711,865 |
| (2,159,266) | (6,726,187) | (2,291,082) | (1,353,392) | (2,217,414) | (8,711,865) |
| 188,821 | 201,551 | 176,531 | 109,671 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>188,821</u> | <u>201,551</u> | <u>176,531</u> | <u>109,671</u> | <u>-</u> | <u>-</u> |
| <u>(185,692)</u> | <u>2,713,301</u> | <u>1,360,956</u> | <u>160,651</u> | <u>(2,738,073)</u> | <u>(6,063,047)</u> |
| 17.41% | 20.82% | 19.09% | 17.44% | 17.01% | 17.14% |

CITY OF WALNUT

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(in thousands of dollars)

| Fiscal Year | 2002 | 2003 | 2004 | 2005 | 2006 |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| Residential | 2,209,707 | 2,327,298 | 2,500,282 | 2,653,851 | 2,844,453 |
| Commercial | 81,876 | 87,523 | 90,341 | 109,080 | 118,690 |
| Industrial | 60,911 | 62,060 | 72,579 | 75,928 | 81,042 |
| Government Owned | 25 | 25 | - | - | - |
| Institutional | 5,270 | 5,420 | 10,653 | 12,558 | 11,308 |
| Miscellaneous | 99 | 101 | 225 | 153 | 251 |
| Recreational | 0 | 332 | 0 | 0 | 0 |
| Vacant | 8,721 | 9,972 | 7,811 | 10,035 | 14,194 |
| SBE Nonunitary | 991 | 991 | 1,199 | 1,199 | 1,199 |
| Cross Reference | 351 | 620 | 270 | 269 | 287 |
| Unsecured | 40,362 | 39,653 | 37,893 | 37,570 | 38,143 |
| Exempt | (20,084) | (19,754) | (17,185) | (15,869) | (15,869) |
| Grand Total | 2,408,313 | 2,533,995 | 2,721,253 | 2,900,643 | 3,109,567 |
| Total Direct Rate | 0.68570% | 0.68494% | 0.68189% | 0.68141% | 0.68599% |

Notes:

Exempt values are not included in Total.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value 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 and is subject to the limitations described above.

Includes City and Redevelopment Agency Project Area

Source: Hdl, Coren & Cone, Los Angeles County Assessor Combined Tax Rolls

| 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------|------------------|------------------|------------------|------------------|
| 3,056,035 | 3,227,492 | 3,391,832 | 3,406,167 | 3,477,315 |
| 123,929 | 145,469 | 151,021 | 156,814 | 161,741 |
| 87,788 | 90,332 | 94,007 | - | 95,932 |
| - | - | - | - | - |
| 7,656 | 7,809 | 7,965 | 10,708 | 10,682 |
| 371 | 379 | 386 | 394 | 393 |
| 0 | 0 | 0 | 0 | 0 |
| 13,527 | 13,645 | 16,254 | 17,812 | 17,762 |
| 1,199 | 101 | 101 | 168 | 168 |
| 291 | 434 | 420 | 243 | 147 |
| 39,901 | 37,943 | 41,880 | 39,920 | 37,997 |
| (15,869) | (15,869) | (18,889) | (17,729) | (8,728) |
| <u>3,330,697</u> | <u>3,523,604</u> | <u>3,703,866</u> | <u>3,632,226</u> | <u>3,802,137</u> |
| 0.67863% | 0.67793% | 0.66247% | 0.65709% | 0.65386% |

CITY OF WALNUT
Special Benefit Assessment Billings and Collections
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| Assessment Billings | 1,717,410 | 1,677,810 | 1,709,430 | 1,722,900 | 1,723,676 |
| Assessment Collected | 1,730,353 | 1,728,209 | 1,747,362 | 1,722,634 | 1,726,215 |
| Percentage Collected | 100.8% | 103.0% | 102.2% | 100.0% | 100.1% |

Source: City Finance Department

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|-------------|-------------|-------------|-------------|-------------|
| 1,723,680 | 1,723,710 | 1,723,680 | 1,723,680 | 1,723,680 |
| 1,720,595 | 1,725,027 | 1,729,902 | 1,741,027 | 1,734,099 |
| 99.8% | 100.1% | 100.4% | 101.0% | 100.6% |

CITY OF WALNUT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

| Fiscal Years | 2002 | 2003 | 2004 | 2005 |
|-----------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| City Direct Rates: | | | | |
| General Levy ¹ | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Overlapping Rates: | | | | |
| Los Angeles County | 0.00113 | 0.00103 | 0.00099 | 0.00092 |
| Flood Control District | 0.00047 | 0.00088 | 0.00046 | 0.00025 |
| Metropolitan Water District | 0.00770 | 0.00670 | 0.00610 | 0.00580 |
| Mt. San Antonio Community College | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| Covina Valley Unified School District | 0.04444 | 0.04405 | 0.03967 | 0.03745 |
| Pomona Valley Unified School District | 0.12202 | 0.12342 | 0.12633 | 0.12910 |
| Rowland Unified School District | 0.03636 | 0.03618 | 0.03780 | 0.03885 |
| Walnut Valley Unified School District | 0.09163 | 0.10086 | 0.09660 | 0.09515 |
| Total Direct and Overlapping² Tax Rates | 1.30375 | 1.31313 | 1.30796 | 1.30753 |
| City's Share of 1% Levy Per Prop 13 ³ | 0.05202 | 0.05202 | 0.05202 | 0.05202 |
| General Obligation Debt Rate | - | - | - | - |
| Redevelopment Rate ⁴ | 1.00990 | 1.00861 | 1.00755 | 1.00697 |
| Total Direct Rate⁵ | 0.68570% | 0.68494% | 0.68189% | 0.68141% |

Notes:

¹In 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 any voter approved bonds.

²Overlapping rates are those of local and county governments that apply to property owners within City of Walnut. Not all overlapping rates apply to all City of Walnut property owners.

³City's share of 1% Levy is based on the City of Walnut's share of the general fund tax rate area with the largest net taxable value within the City of Walnut. ERAF general fund tax shifts may not be included in tax ratio figures.

⁴RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State Statute. RDA direct and overlapping rates are applied only to the incremental property values.

⁵Total Direct Rate is the weighted average of all individual direct rates applied by the City of Walnut.

Source: Hdl, Coren & Cone, L.A County Assessor 2001/02-2010/11 Tax Rate Table

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| 0.00080 | 0.00066 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 0.00005 | 0.00005 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 0.00520 | 0.00470 | 0.00450 | 0.00430 | 0.00430 | 0.00370 |
| 0.02122 | 0.02184 | 0.01750 | | 0.02571 | 0.02636 |
| 0.03793 | 0.08419 | 0.07870 | 0.07862 | 0.08592 | 0.09003 |
| 0.12488 | 0.12401 | 0.11379 | 0.11577 | 0.14546 | 0.17721 |
| 0.03633 | 0.07429 | 0.06943 | 0.07028 | 0.06769 | 0.07538 |
| 0.09140 | 0.08749 | 0.08463 | 0.11296 | 0.11674 | 0.11839 |
| <u>1.31779</u> | <u>1.39723</u> | <u>1.36855</u> | <u>1.38193</u> | <u>1.44582</u> | <u>1.49107</u> |
| 0.05202 | 0.05202 | 0.05202 | 0.05202 | 0.05202 | 0.05202 |
| - | - | - | - | - | - |
| 1.00604 | 1.00541 | 1.00450 | 1.00430 | 1.004300 | 1.003700 |
| 0.68599% | 0.67863% | 0.67793% | 0.66247% | 0.65709% | 0.65386% |

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CITY OF WALNUT
Principal Property Tax Payers
Current Year and Nine Years Ago

| Taxpayer | 2011 | | 2002 | | Business Type |
|-----------------------------------------|------------------------|----------------------------------------------|------------------------|----------------------------------------------|--------------------------------|
| | Taxable Assessed Value | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Percent of Total City Taxable Assessed Value | |
| Standard Pacific of Walnut Hills | 33,350,122 | 0.88% | | 0.00% | Residential Housing |
| Essex CA WA Limited Partnership | 26,767,781 | 0.70% | | 0.00% | Apartments |
| Snow Creek Village West Partners | 20,672,128 | 0.54% | | 0.00% | Commercial |
| Ruey Chyr & Je Tsu Kao | 18,640,951 | 0.49% | 16,631,156 | 0.69% | Commercial |
| Walnut Tech Business Center | 18,566,129 | 0.49% | | 0.00% | Light Industrial/Commercial |
| Vogel Properties, Inc. | 18,075,462 | 0.48% | 13,925,242 | 0.58% | Light Industrial/Commercial |
| 9429 Walnut Cake LLC | 12,558,996 | 0.33% | | 0.00% | Commercial |
| Orange Grove Services | 12,247,617 | 0.32% | | 0.00% | Commercial |
| Henns Investment Company | 8,856,623 | 0.23% | 8,010,575 | 0.33% | Industrial |
| Margaret Wang Trust | 8,000,000 | 0.21% | | 0.00% | Commercial (Albertson's Store) |
| Walnut Hills Development | | | 6,415,311 | 0.27% | Residential |
| Edro Engineering | | | 6,721,815 | 0.28% | Industrial |
| Loeb Trust | | | 3,876,000 | 0.16% | Commercial |
| Shadow Springs Apartment | | | 8,449,440 | 0.35% | Apartments |
| Mary E. Morrow Trust Walnut Hills Plaza | | | 6,308,700 | 0.26% | Commercial |
| Vons Companies Inc. | | | 4,280,661 | 0.18% | Commercial |
| Lucky 8 Investments | | | 4,124,485 | 0.17% | Commercial (Albertson's Store) |
| Total | 177,735,809 | 4.67% | 78,743,385 | 3.27% | |

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: City Finance Department, Hdl, Coren & Cone, L.A. County Assessor

CITY OF WALNUT
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year | 2002 | 2003 | 2004 | 2005 | 2006 |
|-----------------------------------|---------|---------|---------|-----------|-----------|
| Taxes levied for the fiscal year | 928,309 | 933,795 | 983,699 | 1,025,674 | 1,068,599 |
| Collected within the fiscal year: | | | | | |
| Amount | 876,824 | 922,657 | 925,893 | 833,409 | 984,350 |
| Percent of Levy | 94% | 99% | 94% | 81% | 92% |
| Total Tax Collection | | | | | |
| Amount | 876,824 | 922,657 | 925,893 | 833,409 | 984,350 |
| Delinquent Tax Collection | (7,984) | 15,294 | 30,218 | 73,736 | 54,356 |

Note: The amounts presented include City Property taxes, not Redevelopment Agency Tax Increment.

Source: County of Los Angeles, Auditor-Controller

| 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------|-----------|-----------|-----------|-----------|
| 1,120,941 | 1,152,549 | 1,199,873 | 1,211,478 | 1,226,747 |
| 943,478 | 978,703 | 1,029,059 | 1,056,079 | 1,125,382 |
| 84% | 85% | 86% | 87% | 92% |
| 943,478 | 978,703 | 1,029,059 | 1,056,079 | 1,125,382 |
| (2,560) | (1,552) | 2,077 | 1,684 | 1,442 |

CITY OF WALNUT
Ratios of Outstanding Debt
Last Ten Fiscal Years

| Fiscal Year | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Walnut Improvement Agency: | | | | | |
| Tax Allocation Refunding Bonds, Series 1999A | 15,455,000 | 14,875,000 | 14,270,000 | 13,645,000 | 13,000,000 |
| Walnut Public Financing Authority: | | | | | |
| Tax Allocation Revenue Bonds, Series 1992 | 18,935,655 | 2,457,966 | 2,623,688 | 2,800,582 | 2,989,403 |
| Tax Allocation Revenue Bonds, Series 2002 | | 26,055,000 | 25,140,000 | 24,140,000 | 23,110,000 |
| Total Governmental Activities | 34,390,655 | 43,387,966 | 42,033,688 | 40,585,582 | 39,099,403 |
| Personal Income City of Walnut (in thousands)¹ | 775,454 | 790,941 | 823,526 | 871,455 | 914,714 |
| Ratio of outstanding debt | 4.43% | 5.49% | 5.10% | 4.66% | 4.27% |
| Population | 30,896 | 31,420 | 31,678 | 31,900 | 32,148 |
| Total debt per capita | 1,113 | 1,381 | 1,327 | 1,272 | 1,216 |

Note: Details regarding outstanding debt can be found on Note 5a of the notes to the financial statements on page 27.

¹ See the Schedule of Demographics Statistics on page 116 for personal income data for calendar year 2010.

Source: City Finance Department, U.S. Bureau of Census decennial census data, Hdl, Coren & Cone

| 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| 12,330,000 | 12,085,000 | 11,830,000 | 11,570,000 | 10,840,000 |
| 3,190,953 | 2,197,484 | 1,137,155 | - | - |
| <u>22,050,000</u> | <u>21,675,000</u> | <u>21,290,000</u> | <u>20,890,000</u> | <u>19,755,000</u> |
| 37,570,953 | 35,957,484 | 34,257,155 | 32,460,000 | 30,595,000 |
| 986,046 | 1,025,427 | 1,037,202 | 1,017,320 | 1,022,357 |
| 3.81% | 3.51% | 3.30% | 3.19% | 2.99% |
| 32,297 | 32,299 | 32,486 | 32,659 | 29,439 |
| 1,163 | 1,113 | 1,055 | 994 | 1,039 |

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CITY OF WALNUT
Direct and Overlapping Debt
June 30, 2011

| | Percentage Applicable | Outstanding Debt 6/30/11 | Estimated Share of Overlapping Debt |
|-----------------------------------------------------------------|--------------------------|--------------------------------|-------------------------------------------|
| Three Valley MWD- 1112 Debt Service* | 0.171% | 107,259,876 | 182,948 |
| Mt. San Antonio CCD Debt Service 2001 S-A | 5.712% | 1,130,000 | 64,548 |
| Mt. San Antonio CCD Debt Service 2001 Series 2004B | 5.712% | 8,080,000 | 461,546 |
| Mt. San Antonio CCD Debt Service 2005 refunding bond | 5.712% | 55,835,843 | 3,189,457 |
| Mt. San Antonio CCD Debt Service 2001, Series C 2006 | 5.712% | 79,461,712 | 4,539,015 |
| Mt. San Antonio CCS DS 2001 2008 Series D | 5.712% | 24,602,430 | 1,405,341 |
| Pomona Unified School District DS Ref Series 1997 A | 0.008% | 28,980,000 | 2,215 |
| Pomona Unified School District DS Refunding 2000 Series A | 0.008% | 17,115,000 | 1,308 |
| Pomona Unified School District DS Refunding 2001 Series A | 0.008% | 17,670,000 | 1,350 |
| Pomona Unified School District DS 2002 Series A | 0.008% | 7,850,000 | 600 |
| Pomona Unified School District DS 2002 Series B | 0.008% | 12,185,000 | 931 |
| Pomona Unified School District DS 2002 Series C | 0.008% | 12,755,000 | 975 |
| Pomona Unified School District DS 2002 Series D | 0.008% | 13,070,000 | 999 |
| Pomona Unified School District DS 2002 Series E | 0.008% | 12,050,000 | 921 |
| Pomona Unified School District DS 2007 Ref Bds | 0.008% | 8,728,661 | 667 |
| Pomona Unified School District DS 2008 Series A | 0.008% | 34,700,000 | 2,652 |
| Pomona Unified School District DS 2011 Series A | 0.008% | 45,970,000 | 3,513 |
| Pomona Unified School District DS 2011 (QSCBS) | 0.008% | 4,030,000 | 308 |
| Rowland Heights Unified School District DS 2000 Series A | 9.230% | 2,514,562 | 232,093 |
| Rowland Heights Unified School District DS 2000 Series B | 9.230% | 39,899,075 | 3,682,671 |
| Rowland Heights Unified School District DS 2005 REF BDS | 9.230% | 15,400,173 | 1,421,431 |
| Rowland Heights Unified School District DS 2006 Series A | 9.230% | 42,400,000 | 3,913,505 |
| Rowland Heights Unified School District DS 2006 Series B | 9.230% | 32,422,549 | 2,992,590 |
| Rowland Heights Unified School District DS 2006 Series B-BABS | 9.230% | 12,000,000 | 1,107,596 |
| Walnut Valley Unified School District DS 2011 | 33.392% | 27,987,385 | 9,345,515 |
| Walnut Valley Unified School District DS 2011 Refunding Bonds | 33.392% | 13,465,000 | 4,496,217 |
| Walnut Valley Unified School District Refunding DS Series 97 A | 33.392% | 23,247,718 | 7,762,851 |
| Walnut Valley Unified School District DS 2000 Ser C | 33.392% | 255,000 | 85,149 |
| Walnut Valley Unified School District DS 2000 Ser D | 33.392% | 13,715,243 | 4,579,778 |
| Walnut Valley Unified School District DS 2000 Ser E | 33.392% | 6,001,837 | 2,004,126 |
| Walnut Valley Unified School District DS 2005 REF BDS | 33.392% | 11,420,000 | 3,813,353 |
| Walnut Valley Unified School District DS 2007 Ser A (Measure S) | 33.392% | 25,580,000 | 8,541,644 |
| Walnut Valley Unified School District DS 2007 Ser A (Measure Y) | 33.392% | 6,950,887 | 2,321,032 |
| Total Direct and Overlapping Bonded Debt | | | 66,158,844 |

2010/11 Assessed Valuation:

\$1,448,522,757 (after deducting \$2,353,614,586 Redevelopment Increment).

Debt to Assessed Valuation Ratios:

| | |
|-------------------|--------------|
| Direct Debt | 0.00% |
| Overlapping Debt | 4.57% |
| Total Debt | 4.57% |

*This fund is a portion of a larger agency, and is responsible for debt in areas outside of the City of Walnut.

This report reflects debt which is being repaid through voter-approved tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the City of Walnut.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Walnut. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City of Walnut boundaries and dividing it by each unit's total taxable assessed value.

Source: Hdl, Coren & Cone, Los Angeles County Assessors Office

CITY OF WALNUT
 Legal Debt Margin Information
 Last Ten Fiscal Years

| Fiscal Year | 2002 | 2003 | 2004 | 2005 | 2006 |
|---------------------------------------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| Assessed valuation | 2,408,312,254 | 2,533,994,736 | 2,721,253,670 | 2,900,643,572 | 3,109,566,717 |
| Conversion percentage | <u>25%</u> | <u>25%</u> | <u>25%</u> | <u>25%</u> | <u>25%</u> |
| Adjusted assessed valuation | 602,078,064 | 633,498,684 | 680,313,418 | 725,160,893 | 777,391,679 |
| Debt limit percentage | <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> |
| Debt Limit | 90,311,710 | 95,024,803 | 102,047,013 | 108,774,134 | 116,608,752 |
| Total net debt applicable to limit: General Obligation bonds | - | - | - | - | - |
| Legal debt margin | <u>90,311,710</u> | <u>95,024,803</u> | <u>102,047,013</u> | <u>108,774,134</u> | <u>116,608,752</u> |
| Total debt applicable to the limit as a percentage of debt limit | 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. This is 3.75% of full market value.

The City of Walnut has no bonded indebtedness.

Source: City Finance Department, L.A. County Assessor

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| 3,330,697,846 | 3,523,603,651 | 3,703,865,728 | 3,728,485,982 | 3,802,137,343 |
| <u>25%</u> | <u>25%</u> | <u>25%</u> | <u>25%</u> | <u>25%</u> |
| 832,674,462 | 880,900,913 | 925,966,432 | 932,121,496 | 950,534,336 |
| <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> |
| 124,901,169 | 132,135,137 | 138,894,965 | 139,818,224 | 142,580,150 |
| - | - | - | - | - |
| <u>124,901,169</u> | <u>132,135,137</u> | <u>138,894,965</u> | <u>139,818,224</u> | <u>142,580,150</u> |
| 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

CITY OF WALNUT
Demographics Statistics
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------------------------------------------------|---------|---------|---------|---------|---------|
| Square Miles ¹ | 8.83 | 8.83 | 8.83 | 8.83 | 8.83 |
| Number of Housing Units ² | 8,430 | 8,480 | 8,481 | 8,481 | 8,589 |
| Population (City of Walnut) ³ | 30,896 | 31,420 | 31,678 | 31,900 | 32,148 |
| Personal Income City of Walnut (in thousands) ³ | 775,454 | 790,941 | 823,526 | 871,455 | 914,714 |
| Per Capita Personal Income City of Walnut ³ | 25,528 | 25,623 | 26,263 | 27,595 | 28,880 |
| Unemployment Rate City of Walnut ⁴ | 2.7% | 3.2% | 3.3% | 3.1% | 2.5% |
| Average Annual Population % change ² | 0.7% | 1.7% | 0.8% | 0.7% | 0.78% |

Sources:

¹ City Finance Department

² State Department of Finance. The population decrease due to new 2010 census information.

³ U.S. Bureau of Census decennial census data. ESRI-Demographic Estimates are based on the last available census from calendar 2010. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries.

⁴ State of California Employment Development Department.

| 2007 | 2008 | 2009 | 2010 | 2011 |
|---------|-----------|-----------|-----------|-----------|
| 8.83 | 8.83 | 8.83 | 8.83 | 8.83 |
| 8,597 | 8,624 | 8,681 | 8,713 | 8,808 |
| 32,297 | 32,299 | 32,486 | 32,659 | 29,439 |
| 986,046 | 1,025,427 | 1,037,202 | 1,017,320 | 1,022,357 |
| 30,789 | 32,058 | 32,351 | 31,432 | 31,304 |
| 2.2% | 2.4% | 3.6% | 5.6% | 6.2% |
| 0.46% | 0.01% | 0.58% | 0.53% | -9.86% |

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CITY OF WALNUT

Principal Employer

Current Year and Nine Years Ago

| <u>Employer</u> | <u>2011</u> | | <u>Product/Services</u> | <u>2002</u> | |
|----------------------------------|----------------------------|------------------------------|-----------------------------|----------------------------|------------------------------|
| | <u>Number of Employees</u> | <u>Percent of Employment</u> | | <u>Number of Employees</u> | <u>Percent of Employment</u> |
| Mount San Antonio College | 3,074 | 52% | Community College | 3,057 | - |
| Ronsin Photocopy Inc. | 122 | 2% | Photocopy Manufacturer | 124 | - |
| Ninas Mexican Foods, Inc. | 118 | 2% | Manufacturer | 65 | - |
| Edro Engineering Company, Inc. | 86 | 1% | Manufacture Mold Bases | 95 | - |
| Albertsons #6588 | 70 | 1% | Grocery Store | 101 | - |
| Applebee's Neighborhood Grill | 67 | 1% | Restaurant | - | - |
| Fairway Injection Molding System | 64 | 1% | Manufacture Mold Bases | 92 | - |
| Stater Brothers | 63 | 1% | Grocery Store | 72 | - |
| McDonald's | 62 | 1% | Fastfood Chain | - | - |
| Vons #2167 | 57 | 1% | Grocery Store | 70 | - |
| Primary Care Home Health | - | 0% | Temporary Nursing Services | 71 | - |
| Temptrak Personnel Agency | - | 0% | Temporary Employment Agency | 300 | - |

Source: City Finance Department

Information for percent of employment for the 2002 year is not available.

CITY OF WALNUT
Full-time Employees
Last Ten Fiscal Years

| Fiscal Year | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| Function: | | | | | |
| General government | 13 | 14 | 13 | 14 | 14 |
| Public safety ¹ | 1 | 1 | 1 | 1 | 1 |
| Public works | 4 | 6 | 5 | 5 | 4 |
| Community development | 11 | 10 | 11 | 11 | 10 |
| Community services | 12 | 12 | 12 | 12 | 14 |
| Total | 41 | 42 | 42 | 43 | 43 |

¹ Police and fire services were provided by the Los Angeles County.

Source: City Finance Department

| 2007 | 2008 | 2009 | 2010 | 2011 |
|------|------|------|------|------|
| 14 | 12 | 12 | 12 | 12 |
| 1 | 2 | 2 | 2 | 2 |
| 4 | 4 | 4 | 4 | 4 |
| 10 | 9 | 9 | 9 | 9 |
| 14 | 14 | 13 | 13 | 13 |
| 43 | 41 | 40 | 40 | 40 |

CITY OF WALNUT
Construction and Bank Deposit Activity
Last Ten Fiscal Years

| Fiscal Year | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------------------------|-------------------|-------------------|------------------|------------------|------------------|
| Number of New Residential Units | 54 | 137 | 8 | 12 | 8 |
| Building Permit Valuation | | | | | |
| Residential | 17,475,337 | 20,285,765 | 7,753,617 | 8,642,013 | 3,232,868 |
| Non-Residential | 10,641,893 | 8,405,254 | 1,609,196 | 776,665 | 560,430 |
| Total | 28,117,230 | 28,691,019 | 9,362,813 | 9,418,678 | 3,793,298 |
| Number of Building Permit Issued | 479 | 633 | 482 | 393 | 341 |
| Bank Deposits | 241,743,000 | 269,209,000 | 391,368,000 | 447,699,000 | 486,601,000 |

Source: City Finance Department, Building Department

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| 33 | 67 | 18 | 45 | 121 |
| 19,426,995 | 30,315,730 | 13,018,727 | 36,861,834 | 57,836,267 |
| <u>1,504,145</u> | <u>1,545,030</u> | <u>1,234,263</u> | <u>4,640,346</u> | <u>282,322</u> |
| <u>20,931,140</u> | <u>31,860,760</u> | <u>14,252,990</u> | <u>41,502,180</u> | <u>58,118,589</u> |
| 353 | 368 | 293 | 401 | 476 |
| 525,709,000 | 526,864,000 | 634,254,000 | 636,939,000 | 656,199,000 |

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CITY OF WALNUT

Insurance in Force

June 30, 2011

(Unaudited)

| <u>CARRIER</u> | <u>POLICY #</u> | <u>COVERAGE</u> | <u>AMOUNT OF COVERAGE</u> | <u>TERM</u> |
|---------------------------------------------|-----------------|--------------------------|-------------------------------|-------------------|
| Alliant Insurance | CRIME1011 | Public Employees "O" | \$25,000 - \$1,000,000 | 07/01/10-06/30/11 |
| | | Theft "C" | \$25,000 - \$1,000,000 | |
| | | Forgery "B" | \$25,000 - \$1,000,000 | |
| | | Computer Fraud "F" | \$25,000 - \$1,000,000 | |
| California Joint Powers Insurance Authority | | Real & Personal Property | \$ 27,031,820 | 07/01/10-06/30/11 |
| | | Earthquake/Flood | \$ - | |
| | | Automobile Damage | \$ 447,782 | |
| California Joint Powers Insurance Authority | | General Liability | \$ 50,000,000 | 07/01/10-06/30/11 |
| | | Auto Liability | \$ 50,000,000 | |
| | | Workers' Compensation | \$ 10,000,000 | |
| | | Environmental/Pollution | \$ - | |

Source: City Risk Management

CITY OF WALNUT
 Operating Indicators
 by Function
 Last Ten Fiscal Years

| Fiscal Year | 2002 | 2003 | 2004 | 2005 | 2006 |
|-------------------------------------------------------|---------|---------|---------|-------|---------|
| Public Safety: | | | | | |
| Number of employees trained on Emergency Operation | - | 42 | 42 | 17 | 2 |
| Number of volunteers on patrol | - | - | 20 | 20 | 14 |
| Parking Citation Issued | 3,372 | 3,016 | 4,932 | 3,285 | 3,360 |
| Community Development: | | | | | |
| Planning Application Processed | - | 259 | 158 | 131 | 158 |
| Code Enforcement Complaint Response | 363 | 571 | 450 | 580 | 421 |
| Dial-A-Ride Members | - | - | - | 2,925 | 3,131 |
| Metrolink Pass Sold | 2,104 | 2,165 | 2,361 | 2,451 | 2,603 |
| Public Works: | | | | | |
| Street Resurfacing (square feet) | 160,390 | 195,000 | 930,125 | 0 | 583,375 |
| Parks and recreation: | | | | | |
| Number of recreation classes | 240 | 200 | 275 | 215 | 240 |
| Number of youth registered | 3,200 | 4,267 | 5,200 | 5,800 | 4,800 |

Note: Some of the data from years 2002 - 2004 are not available.

Source: City Finance Department

| 2007 | 2008 | 2009 | 2010 | 2011 |
|---------|-------|-----------|-----------|---------|
| 42 | 42 | 2 | 16 | 16 |
| 14 | 14 | 14 | 14 | 15 |
| 2,877 | 2,708 | 2,787 | 3,723 | 2,490 |
| 125 | 128 | 109 | 111 | 153 |
| 462 | 430 | 475 | 439 | 453 |
| 3,481 | 3,642 | 3,785 | 3,869 | 4,192 |
| 2,699 | 2,839 | 2,907 | 2,616 | 2,328 |
| 197,900 | 0 | 1,229,228 | 1,093,392 | 661,025 |
| 264 | 731 | 417 | 300 | 400 |
| 4,800 | 8,081 | 5,153 | 4,939 | 4,800 |

CITY OF WALNUT
 Capital Assets Statistics
 by Function
 Last Ten Fiscal Years

| Fiscal Year | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------------------|------------|------------|------------|------------|--------------|
| Public Works: | | | | | |
| Street (Miles) ¹ | 101 | 107 | 107 | 107 | 107 |
| Street lights ² | - | - | - | - | 1,754 |
| Traffic signals | 32 | 33 | 33 | 35 | 36 |
| Parks and recreation: | | | | | |
| Parks | 11 | 11 | 11 | 11 | 11 |
| Teen Center | 1 | 1 | 1 | 1 | 1 |
| Senior Center | 1 | 1 | 1 | 1 | 1 |
| Total | 146 | 153 | 153 | 155 | 1,910 |

¹ Information from Pavement Management System Report provided by RKA Civil Engineers, Inc.

Source: City Finance Department, RKA Civil Engineers, Inc. Southern California Edison Company

| 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------|--------------|--------------|--------------|--------------|
| 107 | 111 | 111 | 111 | 112 |
| 1,755 | 1,771 | 1,785 | 1,784 | 1,814 |
| 36 | 38 | 38 | 38 | 39 |
| 11 | 11 | 11 | 11 | 11 |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| 1,911 | 1,933 | 1,947 | 1,946 | 1,978 |

CITY OF WALNUT

Miscellaneous Statistics

June 30, 2011

(Unaudited)

Walnut incorporated January 19, 1959 is situated in the greater Walnut Valley, nestled in the area between the San Jose Hills to the north and the Puente Hills to the south, 20 miles east of downtown Los Angeles.

The climate of Walnut is mild and dry, with the average temperatures ranging from 54 degrees in the winter to 72 degrees in the summer. The annual rainfall for the area is 20 inches.

Elevation is 519 feet above sea level with gently rolling hills in the south rising to the rugged, steep hills of 1,375 to the north. The impressive backdrop of the Walnut Valley is the towering San Gabriel mountain range, with snow-capped Mt. Baldy as well as the San Gorgonio and San Jacinto ranges.

| | |
|--------------------------|--------------------------------------------------------------------------------------|
| Type of City | General Law-January 19, 1959 |
| Form of Government | Council/Manager |
| Population | 29,439 |
| Land Area | 8.83 Square Miles |
| Number of Parks | 11 |
| Park Areas | 95 Acres |
| Equestrian/Hiking Trails | 27 Miles |
| Water Utility | Walnut Valley Water District Suburban Water Systems Golden State Water Company |
| Electric Utility | Southern California Edison Company |
| Gas Utility | Southern California Gas Company |
| Employees | 40 Full-time |
| Cost per Capita | \$910 |

Source: City Finance Department