

**City of Walnut Creek, California
Measure O Fund
Financial Statements
For the Year Ended June 30, 2025**

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<p>CITY OF WALNUT CREEK Measure O Fund Financial Statements For the Fiscal Year Ended June 30, 2025</p>
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Measure O Fund (Fund) of the City of Walnut Creek, California (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2025, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Emphasis of a Matter

The financial statements referred to above present only the Fund and are not intended to present fairly the financial positions of the City or the results of its operations in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 17, 2025

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CITY OF WALNUT CREEK
MEASURE O FUND

BALANCE SHEET
JUNE 30, 2025

Assets:	
Cash and investments	\$21,513,435
Interest receivable	44,949
Accounts receivable	<u>2,203,498</u>
Total Assets	<u><u>\$23,761,882</u></u>
Liabilities:	
Accounts payable	<u>\$328,989</u>
Total Liabilities	<u>328,989</u>
Fund Balance:	
Committed for Measure O	<u>23,432,893</u>
Total Liabilities and Fund Balance	<u><u>\$23,761,882</u></u>

See accompanying notes to financial statements

CITY OF WALNUT CREEK
MEASURE O FUND

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2025

Revenues:

Measure O Sales and Use Tax	\$12,550,872
Interest Earnings	484,477
	13,035,349
Total Revenues	13,035,349

Expenditures:

<i>Payroll (salary and benefits by department and position)</i>	
Public Safety	1,463,306
Leshner Center	112,731
Sustainability & Climate Action	
Sustainability Manager	196,642
	1,772,679
<i>Professional Services</i>	
Arts and Recreation	40,000
Community and Economic Development	180,000
Public Works	625,536
General Government	244,889
	1,090,425
<i>Capital Outlay</i>	
Transfers out	749,197
	749,197
Total Expenditures	3,612,301
Net Change in Fund Balance	9,423,048
Fund Balance - July 1, 2024	14,009,845
Fund Balance - June 30, 2025	\$23,432,893

See accompanying notes to financial statements

CITY OF WALNUT CREEK, CALIFORNIA
MEASURE O FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

NOTE 1 – BACKGROUND

The Walnut Creek Measure O half cent local transaction and use tax (Measure O) was approved by the voters and went into effect on April 1, 2023. Monies collected from this tax measure are to be programmed for a new aquatics center and community center at Heather Farm Park, a roughly \$77 million dollar project estimated to begin construction in 2026. Additionally, Measure O revenues funded new turf and lighting for City fields, and funded City operations in line with community priorities, including public safety, extra library hours, sustainability initiatives, and the arts.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – All transactions of the Measure O Program of the City of Walnut Creek, California (City), are reported as a part of the General Fund in the basic financial statements of the City. The Measure O Fund is used to account for the City’s share of revenues earned and expenditures incurred pursuant to the Walnut Creek Measure O programs. The accompanying financial statements include Measure O Funds only and are not intended to fairly present the financial position, results of operations and cash flows of the City in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting – The accompanying financial statements are prepared on the modified accrual basis of accounting. Revenues are generally recorded when measurable and available, and expenditures are recorded when the related liabilities are incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a “*current financial resources*” measurement focus, wherein only current assets and current liabilities generally are included on the balance sheets. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Description of Fund – The accounts are maintained on the basis of fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts. The City uses a subfund of the General Fund to account for the proceeds of specific revenues that are legally restricted to be expended for specified purposes.

Use of Estimates – Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

CITY OF WALNUT CREEK, CALIFORNIA
MEASURE O FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

NOTE 3 – CASH AND INVESTMENTS

Cash and investments are maintained on a pooled basis with those of other funds of the City. Pooled cash and investments consist of money market funds investing in such obligations and the State Treasurer's investment pool (Local Agency Investment Fund). All investments are stated at fair value. Pooled investment earnings are allocated based on the average cash and investment balances of the various funds and related entities of the City.

See the City's Annual Comprehensive Financial Report for disclosures related to cash and investments and the related custodial risk categorization. The Annual Comprehensive Financial Report may be obtained from the City of Walnut Creek, 1666 N Main St, Walnut Creek, CA 94596.

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON MEASURE O COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the 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, the financial statements of the Measure O Fund (Fund) of the City of Walnut Creek, California, as of and for the year ended June 30, 2025, and have issued our report thereon dated November 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fund's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

Our procedures included tests of compliance with the applicable provisions of Ordinance 2228 approved by the City Council of Walnut creek. We also obtained the supporting documentation for individual transactions that exceeded \$10,000 to ensure they were eligible and allowable under Measure O, according to the ballot language and Council direction, with no exceptions noted.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 17, 2025 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements specified in Ordinance 2228 of the City, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
November 17, 2025