



City of Arcadia California

Comprehensive
Annual
Financial
Report
June 30, 2015

**CITY OF ARCADIA
ARCADIA, CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

Prepared by:

ADMINISTRATIVE SERVICES DEPARTMENT

Hue Quach, Director

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For the Year Ended June 30, 2015

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December 23, 2015

To the Honorable Mayor, Members of the Governing Council and Citizens of the City of Arcadia:

The Comprehensive Annual Financial Report (CAFR) of the City of Arcadia for the year ended June 30, 2015, is hereby submitted as mandated by applicable statutes. These statutes require that the City of Arcadia annually issue a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibilities for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. The information in this report is intended to present the reader with a comprehensive view of the City's financial position and the results of its operations for the fiscal year ending June 30, 2015, along with additional disclosures and financial information designed to enable the reader to gain an understanding of the City's financial activities.

Moss, Levy & Hartzheim LLP, Certified Public Accountants, have issued an unmodified opinion on the City of Arcadia financial statements for the year ended June 30, 2015. The independent auditor concluded, based upon the audit that the City of Arcadia's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with generally accepted accounting principles. The auditor's report is presented as the first component of the financial section of this report. Generally accepted accounting principles also require that management provides a narrative introduction, overview, and analysis of the basic financial statements in the form of Management's discussion and analysis (MD&A). It can be found following the independent auditor's report.

PROFILE OF THE GOVERNMENT

The City of Arcadia, incorporated in 1903, is located approximately 20 miles northeast of downtown Los Angeles in the San Gabriel Valley, at the base of the San Gabriel Mountains. It is the site of the Santa Anita Park Racetrack and home to the Los Angeles County Arboretum and Botanic Garden. Arcadia is known as the "Community of Homes" with over 57,760 residents. The City is a charter city with council/manager form of government. The City is governed by a City Council of five members elected at-large, who selects the City Manager.

The City provides a full range of services, including Police and Fire protection, Administrative Services, Public Works, Development Services, Recreation and Community Services, and Library and Museum Services. The City also operates and maintains its own water utility and offers a dial-a-ride program that provides door-to-door transportation service for residents.

LOCAL ECONOMY

Arcadia has a stable and diverse economic base that provides critical tax revenues and economic vitality to support the growth and service demands offered by the City. The diversified revenue base consists of property tax, sales tax, hotel tax, utility user's tax, and various user fees that have placed the City in a favorable position to continue its high service levels throughout the fiscal year. Unlike many cities that are still facing challenges of dealing with the aftermath of the recession, Arcadia's local economy has improved significantly with revenues rebounding to its peak, just prior to the 2008 recession. The City's economy is led by a diversified sales tax revenue base that comprises of these major industry groups: General Consumer Goods (42%), Restaurant and Hotels (23%), Autos and Transportation (11%), Fuel and Service Stations (11%), Food and Drugs (6%), Business and Industry (6%), and Building and Construction (1%). Over the years, Arcadia has established itself to be a self-sustaining and well diversified economy. This diversity has created a

well-balanced labor pool to support the retail, health care, hospitality, and service based industries located within the community.

During Fiscal Year 2014-15, Arcadia continued to benefit from the steady economic improvements that are seen nationwide. A blend of steady growth in the labor market, low interest rates, and minor inflation have stimulated household spending and encouraged business investment. The combinations of these market forces have greatly improved the City's property, sales and business license tax base. Although the construction and development activities remain strong, the growth in this area during Fiscal Year 2014-15 seemed to have leveled out as fees related to plan check and building permit have decreased when compared to Fiscal Year 2013-14.

Revenue and Expenditure

At the start of Fiscal Year 2014-15, the City proposed a General Fund budget with an outlook for revenue to grow at a rate of 7.3% and overall expenditure to increase by 4.7% against the prior fiscal year. The total General Fund revenue was projected to be \$2.3 million above the budgeted expenditures, with the surplus committed to be transferred to Equipment Replacement Fund, General Liability and Workers' Compensation Fund, and Capital Improvement Fund to replenish those shrinking fund balances.

For fiscal year ending June 30, 2015, General Fund Group including the internal service funds has resulted in a surplus of \$5.7 million. Tax revenue total exceeded budgeted amount by approximately \$1.5 million, and intergovernmental revenue was \$0.8 million more than budgeted. When comparing revenues of FY 2014-15 to FY 2013-14, total revenues had an aggregate total increase of 3.1%, with tax and intergovernmental revenues being the biggest contributors, which have increases of 3.8% and 18.0% respectively. A large share of the overall tax increase was contributed to the Utility Users Tax. Utility Users Tax increased by \$0.6 million or 9.1%, as a result of a full year's collections of the tax versus approximately ten months in the prior fiscal year. Although the City reinstated the Utility User Tax from 5.0% to 7.0% effective July 1, 2013, the FY2013-14 collection did not include the full twelve months of collection due to the implementation period. The Intergovernmental revenue exceeded the budget primarily due to a Federal Highway Administration grant for the costs related to the emergency response to the Windstorm of December 2011.

As for the result of the actuals for expenditures, General Fund Group expenditures completed the year with \$4.2 million, or 7.5% under the adopted budget. Despite rising personnel cost, all City departments ended the fiscal year with a positive budget variance. A big part of the variance is attributable to the lower than expected liability and workers' compensation claims. General Fund's overall personnel costs resulted in a 3.8% of positive budget variance. This savings was partly contributed from the savings on making early prepayment of the annual CalPERS pension costs at the beginning of the fiscal year. Additionally, other savings came from good management of overtime and vacancies that occurred throughout the fiscal year. Still, it should be noted that \$1.8 million of underspending on Equipment Replacement costs should be adjusted from the overall \$4.2 million, as it will be carried over to the following FY 2015-16. For example, a planned major equipment upgrade, like the Citywide VoIP phone implementation had to be delayed due to network infrastructure improvements necessary to tackle the additional load of data coming from the VoIP system. More details on General Fund financials are provided in the Management's Discussion and Analysis (MD&A).

Fiscal Year 2015-16 Budget

The FY 2015-16 General Fund Operating Budget anticipated revenues and Transfer-In to be \$4.0 million over the expenditures, based on total available resources of \$59.7 million and operating expenditures of \$55.7 million. With direction from City Council, the surplus of \$4.0 million is designated to be transferred to the Workers' Compensation/Liability, Capital Improvement, and Equipment Replacement Funds to replenish their shrinking fund balances. In addition, a \$0.5 million has also been designated into a reserve to be used to replace the aging City Hall buildings. The proposed budget reflects a healthier revenue growth in comparison to recent fiscal years with near term expenditure growth to be fairly constrained. The City will be facing significant pressure from rising employee pension and infrastructure maintenance costs in the coming years. In order to maintain a balanced budget, it will be essential for the City to continue its history of conservative spending and rapid responses to changing conditions of the local economy and services to the community.

Utility User Tax Repeal Initiative Measure

On August 5, 2015, proponents of a Utility Users Tax repeal initiative measure filed a signed petition with the City Clerk's office. The signatures on the petition were verified and the number of signatures were determined to be sufficient by the Los Angeles County Registrar-Recorder/County Clerk on August 28, 2015. On September 15, 2015, the City Council received, filed, and accepted the Certificate of Sufficiency of Initiative Petition for a proposed Utility Users Tax ("UUT") repeal initiative Measure, which will be placed on the April 12, 2016 ballot. The City of Arcadia collects UUT on electricity, gas, and water at 7% of Gross sales and telecommunications at 5%. If the UUT were eliminated, there would be significant impacts on the City's ability to provide services and programs at the levels currently experienced by residents and businesses as it represents approximately \$7 Million or 12.5% of the City's overall General Fund revenues each year. UUT is the third largest revenue source for the City after property tax (21.8%) and sales tax (21.2%).

MAJOR ACCOMPLISHMENTS

Substantial progress has been made during the past fiscal year toward responding to priorities previously identified by the City Council and staff. Accomplishments by departments include:

General Government

- Extended Fiber Optic communications connection to the Public Works Services facility located at the southeastern end of the City.
- Completed the second phase of the plan to transition the City's current telephone system to a Voice-Over-Internet Protocol (VOIP) system.
- Successfully completed the upgrade of the City's financial system. In addition to various function enhancements, it allows document attachment to store supporting backup with financial transactions, and improve the interface of financial data with other commonly used office programs.

Police Services

- Expanded the Bicycle Patrol Program to further the Department's commitment to the community, promote healthier lifestyles, and preserve the environment by patrolling the City on bicycle. The bicycle enforcement team's mission is to educate the community about bicycle safety and increase awareness.
- Increased traffic education, engineering, and DUI/drug enforcement efforts through grant funding awarded by the Office of Traffic and Safety.
- Expanded the crime prevention and community outreach efforts of the Community Affairs Office, which facilitated stronger relationships with the community and increased collaboration with key civic groups and businesses.
- Established new Temporary Media Communications Services and continued to build the Department's social media platform in order to increase Department presence, investigative resources, crime awareness, and community engagement.
- Put into operation the programs "WEIBO", a Chinese-based microblogging social media platform to help expand social media communications within our Asian community, and "Geofeedia", a social media monitoring platform to advance the Investigations Unit's intelligence collection efforts.
- Further developed the Area Command Program to help reduce crime in the City and increase community engagement. This partnership has enhanced the Department's ability to develop strategies and direct proper resources to both reduce crime, and solve unique community problems.
- Contracted with PropertyRoom.com to conduct online auctioning of police evidence items to increase transparency of the Department's auction process, increase auction revenue, and help better track evidence items.
- Procured a mobile command post to advance Department communications, emergency response, drug and traffic enforcement, and large-scale incidents amongst other areas of operations.

MAJOR ACCOMPLISHMENTS (CONTINUED)

Fire Services

- Completed the construction of the joint-use regional training facility with Monrovia Fire Department and collaborated on the use and maintenance of the facility
- Implemented paperless technologies in training records maintenance. Awarded an Emergency Medical Care Enhancement Program by the Los Angeles County' Department of Health Services that would enable the department to upgrade its current electronic Patient Care Reporting (ePCR) software system and enhance system use and performance.
- Realized a savings of more than \$0.5 million over time by remounting and refurbishing three (3) rescue ambulances versus the initial plan of purchasing all three (3) new vehicles.
- Provided classroom training to all suppression personnel on the new Fire Ground Survival Program to ensure that regional operational techniques and terminology are consistent with the Los Angeles County Fire Service. The regional tactical training will be implemented in the next fiscal year.

Public Work Services

- Partnered with the County of Los Angeles and the City of Sierra Madre to rehabilitate the properties identified in the East Raymond Basin Water Resources Study to increase groundwater recharge in the East Raymond Basin.
- Collaborated with the County of Los Angeles, the LA County Flood District, and Arcadia's surrounding cities of Monrovia, Sierra Madre, Bradbury, Azusa, and San Marino, to develop an Enhanced Watershed Management Plan (EWMP) to address new and more stringent permitting requirements of the National Pollutant Discharge Elimination System (NPDES).
- Participated with the Upper District to construct a sustainable demonstration garden.
- Replaced 810 High Pressure Sodium (HPS) Citywide street light fixtures with energy efficient Light-Emitting Diode (LED) fixtures.
- Repaired the Canyon and Orange Grove Reservoir Roofs to protect against further deterioration and to avoid costly repairs or damage to the reservoirs.

Development Services

- Worked extensively with Gold Line Construction Authority on completing the all facets of light rail development in Arcadia. Poised for substantial completion and operation of trains in early 2016.
- Broke ground on Federal Safe Routes to School project in the neighborhood of Hugo Reid Elementary School.
- Purchased and demolished eyesore property at 100 W. Huntington Drive for future beautification efforts.
- Substantial construction work on \$20 Million plus Mercedes Dealership
- Installed numerous cameras and Intelligent Transportation Systems equipment to improve traffic flow at key intersections citywide.
- Completed permitting and approval processes for over 150 new single family residential homes and over 90 new multi-family units.

Recreation and Community Services

- Movies in the Park Series with "Choicess" started, showed seven Movies in the Park with 3,000 people in attendance over the summer.
- Completed the renovation of ADA compliance restroom at Par 3 Golf Course.
- Introduced Started Foot Golf Program course at Par 3 course.
- Worked with AYSO to update the Civic Center Field rules and signage for field.
- Operated Halloween Fright Day with Breeder's Cup/Santa Anita Race Track.
- Began programming contract classes and activities at the Museum Education Center.
- Picture of Health event was operated for the seniors with Methodist Hospital.

- Installed new joint use synthetic turf field at Arcadia High School stadium field.
- Executed a New Joint Use Agreement with Los Angeles Unified School District for stadium field.
- Implemented Facility Use Policy field use.
- Implemented Fees for use of synthetic field.
- Hosted Barks for Life with Hope Can Cure Cancer Club from Arcadia Unified School District- 120 people attended, 70 dogs and \$2,300 was raised.
- Assisted with Women's Club Holiday Family Fair benefiting Choices.
- RFP completed for Recreation and Parks Master Plan; Work on the Recreation and Parks Master Plan has begun.
- Received the League of California Cities award of Excellence for Community Services and Economic Development for the Senior Information and Referral Program.

Library and Museum Services

- Completed a library community needs assessment including a questionnaire made available online and via hard copy in high traffic public locations; three focus groups with key stakeholders; and two community forums. The assessment aimed at gaining a deeper understanding of the community it serves, including opinions and behaviors toward library services. The outcome is a set of findings that will support the development of programs, services and facilities based upon community needs.
- Obtained approval from the California State Library for the California Public Libraries Broadband Project. This Project will enable the Library to provide reliable, high-speed internet connectivity through a network that is internationally considered among the most innovative and cutting edge.
- Developed new programming for the Museum Education Center opened in June of 2014, including the first historical symposium, new programming for seniors, and a special art exhibit open house developed to reach out to a traditionally unrepresented age range (25-65) at the Museum. Procedures were also developed and put in place to support joint use of the Museum Education Center with Recreation & Community Services.
- Installed a new light monitoring system at the Museum, including new blinds throughout the Museum and new UV filtering glass on the front door. A new support group, Friends of the Museum, was formed and is now providing support for Museum programming and exhibit openings.
- Received donation of a rare and historically significant collection of sketches at the Museum. These Riyo Sato sketches depict scenes the artist was seeing and experiencing while she was an internee at the Santa Anita Assembly Center for the Japanese in 1942.

FUTURE INITIATIVES

The following program Goals have been established for the immediate future to respond to community and organizational needs, which will ensure that Arcadia remains a highly effective and efficient organization for many years.

General Government

- Audit the City's classification specifications to ensure the current job functions match the job specifications and that they comply with all applicable laws.
- Continue the plan to transition the City's current telephone system to a Voice-Over-Internet Protocol (VOIP) system in preparation of the end of life expectancy for the current telephone system in 2015.

Police Services

- Establish active participation in the Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (L.A. IMPACT), a multi-jurisdictional taskforce, to increase proficiency in investigating major crimes related to drug trafficking, gang enforcement, money laundering, and covert operation information development amongst others.
- Develop and implement bi-annual ADA Telecommunication training to comply with Section 504 of the Rehabilitation Act.

- Establish a Community Relations Liaison for the purpose of expanding the growth and development of the Neighborhood Watch Program and maintain open avenues of discourse between the community and the Department in an ongoing effort to keep abreast of, and sensitive to, contemporary issues in law enforcement and police-community problems.
- Develop a Business Watch Program out of the Community Affairs Office to help increase safety awareness and enlist the active participation of business owners in cooperation with law enforcement to reduce crime in their communities.
- Establish an Arcadia Police Foundation to address the complexities of policing in the 21st century. The foundation will promote partnerships between APD and the public, mobilize community support, and enhance community understanding of law enforcement initiatives.
- Expand the Police Cadet Program to reach full capacity, providing for a greater number of potential police officers for the future, and allowing for diversified learning opportunities within multiple departments.

Fire Services

- Ongoing exploration of paperless technologies in department records management, vehicle maintenance documentation, and fire prevention inspections.
- Deploy the updated Telestaff Program, an automated scheduling system that optimizes the department's payroll, scheduling, and workforce management.
- Initiate succession planning through implementation of Fire Officer's Academy and Fire Engineer's Academy.
- Provide regional tactical training through the Fire Ground Survival Program to ensure that regional operational techniques and terminology are consistent with the Los Angeles County Fire Service.
- In collaboration with various departments and agencies, manage and coordinate the City's first annual Emergency Preparedness Expo.

Public Works Services

- Replace 10" cast iron water main at Camino Real Avenue between First Avenue and Second Avenue with a 12" ductile iron water main.
- Replace two 30" gate valves that are old and not fully operational on Santa Anita Ave between Duarte Road and Orange Grove Avenue. This will allow maintenance crews to shut off the valves to isolate and repair broken water mains.
- Replace 10" sewer main on Huntington Drive from Colorado Place to Centennial Way with a 12" diameter pipe. The installation of this pipe will alleviate the high demand on the existing sewer pipe and will significantly reduce the potential of a sewer backup.
- Update the City's 2010 Urban Water Management Plan (UWMP) as required by State Law. The update will provide a current assessment of the local water supply reliability, current and projected water demands within the City, and an evaluation of progress made toward the implementation of Demand Management Measures designed to achieve an overall reduction in water use of 20% by the year 2020.
- In conjunction with the Los Angeles County Department of Public Works, the City will redesign, relocate, and reconstruct portions of the Los Angeles County multi-use trail known as Santa Anita Wash Trail, the Los Angeles County Department of Public Works Class 1 Bike Lane, and fencing that separates the City of Arcadia's Par 3 Golf Course from the County's recreational use.
- Replace and install new asset management and permit tracking system to enable Public Works Services and Development Services departments to efficiently and effectively track, manage, and store critical data while integrating them with various City programs/software.
- Install new light poles and energy efficient fixtures in the 18-hole Par 3 Golf Course and in the putting green area.
- As part of Pavement Rehabilitation Program, perform rubberized asphalt paving on Camino Real Ave. (From the West City Limits to El Monte Ave.) and Sixth Ave. (From the City Limits south of Duarte Rd to Camino Real Ave.) to improve its Pavement Condition Index or PCI to an optimal level.
- Prepare a benefit analysis and engineering report for the establishment of a street lighting district to replace existing antiquated 6.6 street lights.
- Remove underground storage tank and fueling equipment at Fire Station 106.

FUTURE INITIATIVES (CONTINUED)

Development Services

- Complete Gold Line Line Rail Project in Arcadia. The City has worked cooperatively with the Gold Line for years in the planning and construction of three bridges, a station, a parking structure, and a transit plaza. The Gold Line is scheduled to begin operations on March 5, 2016 and should bring an enhanced vitality to the City's Downtown area.
- Begin construction on two new Marriott hotels near Downtown Arcadia. Two new hotels totaling 210 visitor rooms have will be issued permits shortly. These Marriott hotels are directly across from the Santa Anita Racetrack and will provide valuable Transient Occupancy Tax for the City.
- Complete 40,000 square feet of new medical office buildings in City core. Two state-of-the-art medical office buildings are nearing completion close to the Downtown and near Methodist Hospital. These buildings will be closely tied to the hospital and will provide excellent opportunities for partnerships with the local health care sector.
- Complete dissolution of Redevelopment Area by selling off former Redevelopment Agency properties (one property remaining). Four of the five former Arcadia Redevelopment Area parcels are currently under construction with a \$30+ Million Mercedes Benz dealership expansion. The final parcel will likely be sold in the coming year and redeveloped.
- Complete improvement projects for downtown parking modifications. Several projects are ongoing to improve and enhance parking in the downtown core. These projects are being closely planned with the Gold Line.
- Complete transit system restructuring project. The City's demand responsive dial-a-ride service is being reorganized into a fixed route service to connect large users in the City and the public to the Gold Line station and other attractions in the City. Demand responsive service will remain for seniors and those with disabilities and the fixed route service will be a public service.
- Complete a major overhaul of Arcadia Zoning Code. This project is a major modernization of the City's Zoning Code and standards. It will lead to a more user friendly document and will streamline many of the City's procedures.

Recreation and Community Services

- Update the Recreation and Parks Master Plan. Work with other City Departments, community and stakeholders to develop a comprehensive plan to guide the Department in the future.
- Improve the quality of existing recreation facilities. Continue to work cooperatively with the Arcadia Unified School District and the Public Works Department to maximize our efforts.
- Continue to plan programs to operate at the Joint Use Gymnasium at Dana Middle School. Work cooperatively with the Arcadia Unified School District to schedule use.

Library and Museum Services Development Services

- Plans for the Library include completing the process of connecting the Library to the California Research and Education Network (CalREN), a high-capacity network designed to meet the unique requirements of public libraries by providing a significantly higher speed of broadband connectivity. This higher speed connectivity, coupled with new equipment, replacement of network hardware and data cable infrastructure, puts the Library on a firm basis for expanding computer services in the future.
- The Museum, along with the Museum Commission, will review and update the Museum's core documents as it works toward accreditation with the American Alliance of Museums. The Core Documents Verification program provides confirmation that the Museum has policies and procedures in place that reflect standard practices of professional museums.
- Develop cooperative and collaborative policies and procedures for the use of the Museum Education Center.

OTHER FINANCIAL INFORMATION

Internal Control

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The internal control structure is designed to protect the City's assets from loss, theft, or misuse and to ensure that adequate accounting data is compiled for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Budgetary and Accounting System

The City's ordinance requires the adoption of a budget for the following fiscal year before July 1st every year. The City's Management presents a two-year operating budget and five year Capital Improvement and Equipment Plan annually.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City's budgetary control is maintained at the individual departmental level and any change in the adopted appropriations, by department, requires approval from the City Manager and/or City Council. The City maintains an encumbrance accounting system. Encumbrances and appropriation for unfinished capital projects are generally re-appropriated as part of the following year's budget.

Cash Management

Cash resources of the individual funds are combined to form a pool of cash and investments. The City Council adopts an Investment Policy annually and all investments are managed in accordance with the City's Investment Policy. The Policy complies with the City's Municipal Code and with all applicable City resolutions, California statutes, and Federal regulations. It is intended to preserve and protect the investment principals, maintain sufficient liquidity and diversification to meet anticipated cash flows and avoid incurring unreasonable market risks, and attain a reasonable market rate of return.

Debt Administration

As of June 30, 2015, the City also has outstanding balance of \$7,220,000 for the Series 2011 General Obligation Bonds and \$5,710,000 for the Series 2012 General Obligation Bonds. Those 2011 Bond proceeds were used to finance the costs of constructing a grade separation at the intersection of Santa Anita Avenue and the proposed Foothill extension of the Metropolitan Transit Authority Gold Line, and the 2012 issuance was to refinance the 2001 General Obligation Bonds which proceeds were used to fund the construction of the Police Station.

Risk Management

The City is a member of California Insurance Pool Authority for general liability and workers' compensation coverage. The Authority is composed of 12 California cities and is organized as an insurance pool. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The City is self-insured for the first \$500,000 of each general liability and \$750,000 of each workers' compensation claim. Additional insurance coverage for general liability above \$2,000,000 to \$40,000,000 and for workers' compensation coverage above \$3,000,000 to \$25,000,000 per occurrence is also provided by the Authority.

AWARDS AND ACKNOWLEDGEMENTS

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 Arcadia for its comprehensive annual financial report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City's Comprehensive Annual Financial Report was prepared through the combined efforts of City staff. Special recognition is due to the Financial Services Division staff for their effort to ensure timely and accurate reporting. We would also like to thank the City Council for their continued support and interest in planning and conducting their financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Hue C. Quach', with a stylized flourish at the end.

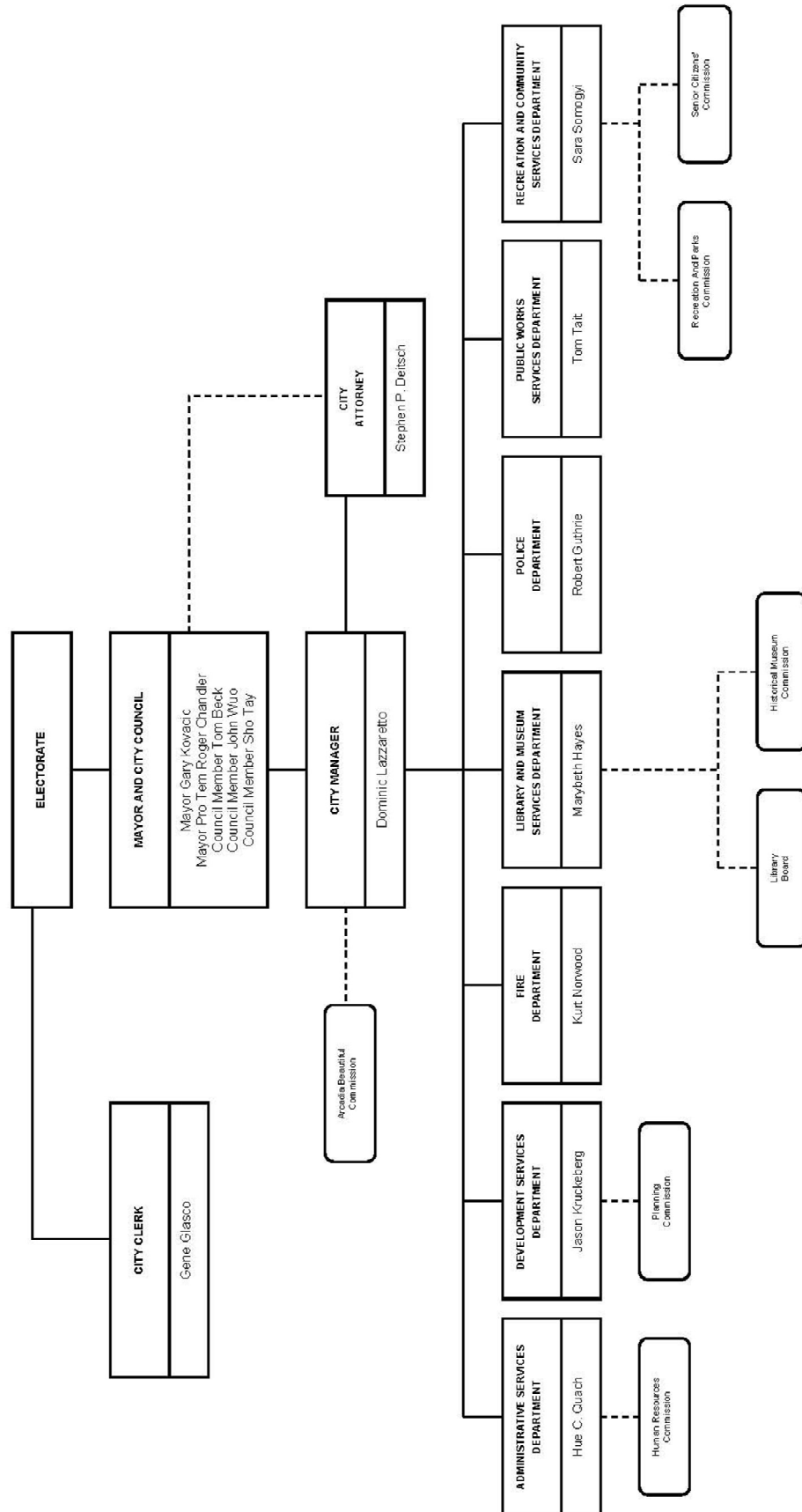
Hue C. Quach
Administrative Services Director

A handwritten signature in black ink, appearing to read 'Shannon Huang', with a stylized flourish at the end.

P. Shannon Huang, CPA
Financial Services Manager/City Treasurer

City of Arcadia

Organization Chart





CITY OF ARCADIA

Elected Positions and Administration Personnel

June 30, 2015

CITY COUNCIL MEMBERS

| | | <u>Term Expires</u> |
|----------------|-------------------|---------------------|
| Gary Kovacic | Mayor | 2016 |
| Roger Chandler | Mayor Pro-Tempore | 2018 |
| Tom Beck | Council Member | 2018 |
| John Wuo | Council Member | 2016 |
| Sho Tay | Council Member | 2018 |

CITY CLERK

| | <u>Term Expires</u> |
|-------------|---------------------|
| Gene Glasco | 2016 |

ADMINISTRATIVE PERSONNEL CITY OFFICIALS

| | |
|--------------------|--|
| Dominic Lazzaretto | City Manager |
| Stephen Deitsch | City Attorney |
| Jason Kruckeberg | Assistant City Manager/Development Services Director |
| Robert Guthrie | Police Chief |
| Mary Beth Hayes | Library and Museum Services Director |
| Kurt Norwood | Fire Chief |
| Hue C. Quach | Administrative Services Director |
| Sara Somogyi | Recreation and Community Services Director |
| Tom Tait | Public Works Services Director |



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California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



MOSS, LEVY & HARTZHEIM LLP

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information for the City of Arcadia, California (the "City") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Changes in Accounting Principles

As discussed in note 1 to the basic financial statements, effective July 1, 2014, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Pension Contributions, and Schedule of Funding Progress on page 5 through 20 and 80 through 85 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 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.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Fund Nonmajor Financial Statements and Budgetary Comparison Schedules, and Statistical Section listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules, listed in the table of contents, are the responsibility of management and was derived from and relates 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 Section, as listed in the table of contents, 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 assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, 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 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.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 23, 2015

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City of Arcadia
Management's Discussion and Analysis
June 30, 2015

As management of the City of Arcadia (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. 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 has implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. These Statements establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense related to pensions. The required implementation of these GASB Statements have significantly affected the City's financial statements for the fiscal year ended June 30, 2015 due to the prior period adjustments that covered the pension liability. More details of the implementation are available in Note 8, Pension Plan, and Note 11, Prior Period Adjustments.
- The total assets of the City at the close of the fiscal year ended June 30, 2015, were \$211,979,255. Total liabilities were \$135,894,054, and the total net position was \$67,527,117. The pension liability of \$103,250,759 was accrued as part of the total liability in the balance sheet due to the requirement of implementing GASB Statement Nos. 68 & 71. The implementation also established deferred outflow of resources at \$8,411,289, representing pension contributions subsequent to measurement date, and deferred inflow of resources at \$16,969,373, representing net difference between projected and actual earnings on plan investment.
- If the Prior Year Adjustments, as a result of implementing GASB Statement Nos. 68 & 71, were excluded, the total net position would have been \$178,782,661, which represents a \$274,156 increase in comparison to the prior fiscal year end. The net position for Governmental Activities would have increased by \$6,984,313, and the operation of Business-Type Activities would have resulted in a decline of its net position by \$6,710,157.
- The City's General Fund reported a fund balance of \$36,838,061, which is 71.6% of the total General Fund expenditures. Of this amount, \$12,358,782 was unassigned fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned, but unused vacation leave).

The *government-wide financial statements* distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general fund, debt service funds, capital outlay, and special revenue funds. The City's business-type activities include water utility, sewer maintenance, and transit operations.

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

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

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

The City maintains two major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Outlay Capital Projects Fund. Data from the twenty-four other governmental funds are combined into one single, aggregated presentation. Individual fund data for each of these *nonmajor* governmental funds is provided in the form of *combining statements* later in this report.

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

Proprietary funds. The City maintains only one category of a *proprietary fund*, the enterprise funds. As indicated earlier, these funds include the water utility, sewer maintenance, and transit system funds.

Fiduciary funds. The City maintains an Agency fund to account for assets held by the City as agent for individuals, private organizations, or other governmental units, and/or other funds, in addition to the successor agency private-purpose trust fund created on February 1, 2012 to account for the transferred assets and liabilities from the former Arcadia Redevelopment Agency.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 44 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary comparison schedules for the General

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

Fund and each major special revenue fund and schedules of progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found starting on page 80 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. The combining statements and schedules can be found beginning on page 90 of this report. The following analysis of the Government-Wide financial statements includes a comparison between current and prior years year-end balances and operations.

Governmental Activities

The Statement of Net Position may serve, over time, as a useful indicator of a government's financial position. For the City, liabilities and deferred inflow of resources exceeded assets and deferred outflow of resources which changed the Total Net Position of Government Activities to -\$4.8 million for the fiscal year ending June 30, 2015. The significant change was due to the implementation of GASB Statements No. 68 and 71, which necessitated the accrual of full pension liability. Accordingly, the new reporting requirements entail a prior year adjustment entry of \$104.0 million to the noncurrent liabilities category that significantly contributed to the overall change of the Statement of Net Position. The biggest portion of the net position is its net investment in capital assets (e.g. land, infrastructure, buildings and equipment) of \$50.7 million. The restricted net position of \$19.6 million represents resources that are subject to external restrictions on how they may be used. The unrestricted fund balance is negative \$75.1 million, which is primarily a result of the newly accrued pension liability.

City of Arcadia Statement of Net Position
Governmental Activities

| Governmental Activities | 30-Jun-15 | 30-Jun-14 |
|--|---------------|--------------|
| Current and other assets | \$65,273,801 | \$57,354,599 |
| Capital assets (net of accumulated depreciation) | 64,255,029 | 64,372,761 |
| Total assets | 129,528,830 | 121,727,360 |
| Deferred outflow of resources | 7,860,641 | 0 |
| Current liabilities | 8,194,223 | 9,566,863 |
| Noncurrent liabilities | 118,326,391 | 19,993,096 |
| Total liabilities | 126,520,614 | 29,559,959 |
| Deferred inflow of resources | 15,694,953 | 0 |
| Net investment in capital assets | 50,652,770 | 50,203,892 |
| Restricted | 19,584,086 | 16,106,112 |
| Unrestricted | (75,062,952) | 25,857,397 |
| Total net position | (\$4,826,096) | \$92,167,401 |

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

City of Arcadia Statement of Activities
Governmental Activities

| Governmental Activities | 30-Jun-15 | 30-Jun-14 |
|--|---------------|--------------|
| Program revenues: | | |
| Charges for services | \$11,610,570 | \$13,432,508 |
| Operating contributions and grants | 5,020,312 | 5,481,152 |
| Capital contributions and grants | 804,556 | 658,109 |
| General revenues: | | |
| Property taxes | 13,865,978 | 13,892,020 |
| Sales taxes | 10,427,065 | 10,082,196 |
| Other taxes | 20,207,032 | 18,978,733 |
| Investment earnings | 1,632,484 | 1,598,314 |
| Miscellaneous | 4,449,792 | 4,788,855 |
| Total revenues | 68,017,789 | 68,911,887 |
| Expenses: | | |
| General government | 7,458,250 | 6,984,927 |
| Public safety | 32,579,734 | 31,879,134 |
| Public works services | 7,741,343 | 7,318,800 |
| Community development | 5,050,382 | 15,469,651 |
| Library | 3,640,914 | 3,381,138 |
| Recreation and community services | 3,310,420 | 3,740,097 |
| Interest on long-term debt | 434,682 | 455,077 |
| Total expenses | 60,215,725 | 69,228,824 |
| Increase (Decrease) in Net Position before Transfers | 7,802,064 | (316,937) |
| Transfers | (817,751) | (1,031,360) |
| Increase (Decrease) in net position | 6,984,313 | (1,348,297) |
| Net position – Beginning of fiscal year * | 92,167,401 | 93,515,698 |
| Prior period adjustments | (103,977,810) | 0 |
| Net position – End of fiscal year | (\$4,826,096) | \$92,167,401 |

* Prior period adjustment is required due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

Revenue of Governmental Activities decreased \$0.9 million or 1.3% to \$68.0 million for the fiscal year ended June 30, 2015. Key elements of this decrease are as follows:

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

- Charges for Services decreased \$1.8 million or 13.6%, compared to the prior year. This was primarily due to the decrease in property developments. Between 2010 and 2014, construction and building permit fees experienced continued growth annually. The attractiveness of the community, known for its beautiful homes and highly regarded school district, have cultivated growing interest from foreign investments that have fueled the growth in commercial and residential developments. However, 2014 seemed to be the peak year as construction activities there after started to level out and related permits and inspection fees began to decrease. In addition to development fees, service fees from the Police, Fire, and Recreation classes also experienced a slight reduction.
- Operating Contributions and Grants decreased by \$0.5 million or 8.4%, mainly due to the one time reimbursement from the Federal Highway Administration for costs relating to the emergency response to the Windstorm of December 2011. The reimbursement was received in current fiscal year, but the revenue was accrued in the Government-Wide Statements in fiscal year 2013-14.
- Capital Contribution and Grants increased by \$0.1 million due to larger state funding received in the current fiscal year for Phase II of the Huntington Drive Expansion project and the Intelligent Transportation System Improvement project.
- Property Tax revenue, as reported, is virtually the same as the prior year. However, after adjusting for entries that were mistakenly posted to wrong fiscal years, the property tax revenue in comparison to the prior fiscal year increased by approximately 5.7%.
- Sales Tax increased by \$0.3 million, or 3.4%, due to continuing improvements in the local economy. Just as those categorical improvements that occurred statewide, the City's Auto group had above average growth in addition to the expansion of new restaurants and shops that took place in the Westfield Santa Anita Mall.
- The City's Other Taxes had a total increase of \$1.2 million, or 6.5%, in comparison to the prior year. Utility User Tax increased by \$0.6 million or 9.1%, as a result of a full year's collection of the tax at the reinstated 7% rate for electricity, gas, and water. Although the 7% rate was approved by the City Council to be effective on July 1, 2013, only about 10 months of the tax was collected at the new rate due to the implementation period. The increase in the current fiscal year was mainly due to the additional two months of collection when compared to the prior fiscal year. Transient Occupancy Tax grew by 4.7% driven by increased business travel and tourism. Business License Tax increased by 3.8%, and was attributable to the overall improvement of the local economy. Motor Vehicle License Fees (MVLFF) increased by 8.2%. Aside from statewide improvement in auto sales, the result of MVLFF increase is also attributed to legislation passed in FY 2004-05 that tied its growth factor to the City's property tax valuation, an area which had an average increase of 4% to 5% annually.
- Investment Earnings increased 2.1%, due to the uptrend in interest rate.
- Miscellaneous Revenue decreased \$0.3 million. This decrease was caused by the one-time contribution made in the prior year from the Arcadia Historical Museum Foundation to fund the building of the Museum Education Center. The multi-purpose facility was completed in June of 2014 and is used as an education center for the museum activities, exhibits, and recreational classes sponsored by the City.

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

Expenses for the fiscal year totaled \$60.2 million, a \$9.0 million or 13.0% decrease from the prior fiscal year. The overall reduction came from the \$11.8 million of construction costs in the prior fiscal year for the grade separation bridge, at Santa Anita Avenue, for the Foothill extension of the Metropolitan Transit Authority Goldline. The funding sources for this project comprised of General Obligation Bonds and Transportation Grants.

More details on the changes by department are as follows:

- General Government costs increased by \$0.5 million or 6.8%, primarily due to costs associated with the City Hall parking lot improvement project. In addition to asphalt paving at the Civic Center parking lots, a new storm water infiltration system was installed to improve water drainage and reduce excess run off.
- The cost for Public Safety increased by \$0.7 million or 2.2%, mainly due to personnel related cost such as pension benefits.
- Public Works Services costs increased by \$0.4 million or 5.8%, due to additional costs incurred with the Slurry Seal program to repair the deficient concrete curbs and gutters.
- Community Development Services costs decreased by \$10.4 million. The majority of the variance could be attributable to the capital contribution made toward the Goldline project in fiscal year 2013-14.
- Library's operating costs were \$0.3 million or 7.7% more than the prior fiscal year. In addition to the increase in personnel benefit costs that applied across all City departments, it also includes upgrades of equipment and furniture for the Library and Historical Museum Center.
- Recreation and Community Services costs decreased by \$0.4 million, due to less spending on small furniture and equipment.
- The decrease in interest payments on Long-term Debt Service was due to the declining debt service payments.

Business-Type Activities

Business-Type Activities have a total net position of \$72.4 million, of which \$48.9 million or 67.5% of the net position is net investment in capital assets (e.g. water treatment infrastructure, buses, and equipment). The assets are used to provide water, sewer, and transit services to citizens; consequently, these assets are not available for future spending. The unrestricted net position totaled \$23.5 million, representing 32.5% of total net position.

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Business-Type Activities (Continued)

City of Arcadia Statement of Net Position
Business-type Activities

| Business Activities | 30-Jun-15 | 30-Jun-14 |
|----------------------------------|--------------|--------------|
| Current and other assets | \$33,591,462 | \$36,775,450 |
| Capital assets | 48,858,963 | 50,835,309 |
| Total assets | 82,450,425 | 87,610,759 |
| Deferred outflow of resources | 550,648 | 0 |
| Long-term debt outstanding | 6,691,133 | 284,577 |
| Other liabilities | 2,682,307 | 985,078 |
| Total liabilities | 9,373,440 | 1,269,655 |
| Deferred inflow of resources | 1,274,420 | 0 |
| Net investment in capital assets | 48,858,963 | 50,835,309 |
| Unrestricted | 23,494,250 | 35,505,795 |
| Total net position | \$72,353,213 | \$86,341,104 |

The net position decreased by \$14.0 million, including \$6.7 million of current fiscal year operating loss and \$7.3 of prior period adjustment for pension liability as stipulated by GASB Statement Nos. 68 & 71. The Water Utility Fund alone incurred \$6.4 million or 95.9% of the operational loss. Water sales revenue was reduced by \$1.3 million. This was a result of responding to the severe drought and where, the State of California has adopted emergency regulations requiring local agencies to restrict water use. The emergency regulation compels the City to reduce water usage by 36% which decreased and limited the amount of water sold. On the contrary, Water operational costs increased by \$3.0 million, as this is due to the soaring replacement water costs. City Staff is working on developing a new water and sewer rate structure that will be sustainable for long-term financial efficiency and acceptable to the City residents. The new proposal will be presented and be subject to approval by the City residents in early 2016 as required by Proposition 218.

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Business-Type Activities (Continued)

City of Arcadia Statement of Activities
Business-type Activities

| Business Activities | 30-Jun-15 | 30-Jun-14 |
|--|--------------|--------------|
| Program revenues: | | |
| Charges for services | \$11,519,636 | \$12,865,307 |
| Operating contributions and grants | 786,352 | 685,118 |
| Capital contributions and grants | 0 | 0 |
| General revenues: | | |
| Gain on disposal of assets | 18,300 | 15,931 |
| Investment earnings | 332,719 | 396,892 |
| Total revenues | 12,657,007 | 13,963,248 |
| Expenses: | | |
| Water utility | 16,891,412 | 13,911,484 |
| Sewer maintenance | 1,457,275 | 1,347,002 |
| Transit system | 1,836,228 | 2,010,402 |
| Total expenses | 20,184,915 | 17,268,888 |
| Increase (Decrease) in Net Position before Transfers | (7,527,908) | (3,305,640) |
| Transfers | 817,751 | 1,031,360 |
| Increase (Decrease) in net position | (6,710,157) | (2,274,280) |
| Net position – Beginning of fiscal year | 86,341,104 | 88,615,384 |
| Prior Period adjustment | (7,277,734) | 0 |
| Net position – End of fiscal year | \$72,353,213 | \$86,341,104 |

* Prior period adjustment is required due to the implementation of GASB Statement Nos. 68 & 71, Accounting and Financial Reporting for Pensions.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. This section provides an analysis and discussion of individual funds and fund types presented in the fund financial statements.

Governmental Funds

The City's governmental funds reported combined ending fund balances of \$61.5 million vs. \$53.4 million from the prior fiscal year, an increase of \$7.6 million. Approximately 20.1%, or \$12.4 million, of the combined ending fund balances was unassigned fund balance. The remainder of the fund balances were either non-spendable, restricted or assigned, as they represent prepaid items, inventory, and funds that have been designated for specific purposes.

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (Continued)

Governmental Funds (Continued)

Analyses on the fluctuations of Governmental Funds are as follows:

- The General Fund's net fund balance increased by \$5.7 million to \$36.8 million. Fiscal year ending revenue was \$57.3 million, while expenditures were at \$51.5 million. When comparing variances of revenues to the prior fiscal year, the current fiscal year's revenues increased by \$1.7 million or 3.1%, and mostly from Tax revenues. Utility User Tax increased due to the reinstatement and increase of UUT tax rate of 5% to 7%. Growth of Transient Occupancy Tax was due to growing business activities. The increase in Motor Vehicle License Fees was a result of rising property valuations. When comparing year over year, expenditures resulted in an increase of \$1.5 million or 3.0%, that was mainly due to personnel related costs. Salary costs increased by \$0.6 million, or 2.3%, mainly due to the labor agreements in effect. The employee pension contribution rose by \$0.4 million, or 6.1%, as a result of recent policy changes to the contribution formula by CalPERS to ensure the future viability of the public pension system.
- At the end of the fiscal year, the Capital Outlay Fund had a fund balance of \$4.9 million, a reduction of \$2.1 million from the prior fiscal year. The deficit was a result of capital project costs exceeding the projected revenue receipts for the fiscal year. Pari-mutual revenues received from Santa Anita Race Track is the only major funding source for the Capital Outlay Fund. This revenue source has continued to decline over the years which has made it more challenging to develop a sustainable capital improvement program. However, recognizing the importance of ongoing infrastructure improvements, the City Council has authorized transfers of operating surplus funds from General Fund to replenish this diminishing fund balance over the last four years.
- The Non-major Governmental Fund group had an aggregated fund balance of \$19.8 million, a \$4.4 million increase from the prior fiscal year. The increase was mainly due to the surplus within Park and Recreation, Prop A, Prop C, and Measure R Funds. The Park and Recreation Fund increased by \$2.0 million from the prior fiscal year and is the largest in this fund group with \$6.2 million of fund balance. This fund balance is designated for costs related to the improvements of city park and recreation facilities. City staff is in the process of developing a Park and Recreation Master Plan for future enhancements to all major City parks. Prop A, Prop C and Measure R funds have a total fund balance of \$4.2 million, an increase of \$1.0 million compared to the prior fiscal year. Future street and transportation projects have been budgeted in the Capital Improvement Plan to utilize this fund balance. Additionally, a small but notable portion of the Non-major Governmental Fund group fund balance was attributable to an accounting change to reclassify the accounting activities relating to Used Oil Payment Program, Beverage Container Recycling Grant and Public, Educational, and Government Access Fee as Special Revenue Fund which created a prior period adjustment of \$0.5 million.

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (Continued)

Governmental Funds (Continued)

| Governmental Funds | 30-Jun-15 | 30-Jun-14 |
|---|--------------|--------------|
| Revenues: | | |
| Taxes | \$37,911,174 | \$36,489,519 |
| Licenses and permits | 6,512,028 | 8,031,036 |
| Fines and forfeitures | 935,629 | 913,156 |
| Use of money and property | 1,632,483 | 1,598,310 |
| Intergovernmental | 11,508,381 | 10,881,323 |
| Charges for services | 6,086,755 | 6,356,736 |
| Other revenues | 4,390,220 | 4,093,208 |
| Total revenues | 68,976,670 | 68,363,288 |
| Expenditures: | | |
| Current | 59,552,474 | 67,641,681 |
| Debt services | 1,009,854 | 967,875 |
| Total expenditures | 60,562,328 | 68,609,556 |
| Excess (deficiency) of revenues over expenditures | 8,414,342 | (246,268) |
| Other Financing Sources (uses) | (817,751) | (956,664) |
| Net change in fund balance | 7,596,591 | (1,202,932) |
| Fund balance – Beginning of fiscal year | 53,425,778 | 54,628,710 |
| Prior period adjustments | 488,420 | 0 |
| Fund balance – End of fiscal year | \$61,510,789 | \$53,425,778 |

Revenues of the total Governmental Funds were \$69.0 million with an increase of \$0.6 million, or 0.9%, from the prior fiscal year. More detailed analysis is as follows:

- Taxes increased by \$1.4 million, or 3.9%, with the biggest growth coming from Utility User Tax. As mentioned in the governmental activities section, the increase of \$0.6 million was primarily due to the reinstatement of utility tax rate to 7% on electricity, gas, and water effective July 1, 2013. All other business related taxes also experienced modest increases due to improving local economy: Sales Tax increased by \$0.5 million, Transient Occupancy Tax rose by \$0.1 million, and Franchise Tax grew by \$0.2 million.
- Licenses and Permits decreased by \$1.5 million, or 18.9%, as a result of the slowing property development and construction activities in the City.
- Fines and Forfeitures increased by 2.5%, due to slightly more collection of parking violation fines.
- Use of Money and Property increased by 2.1%, which is attributable to the upturn of the interest rate market.
- Intergovernmental Revenue increased by \$0.6 million, or 5.8%, primarily due to the grant received for the costs related to the December 2011 windstorm.

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (Continued)

Governmental Funds (Continued)

- Charges for Services had a decrease of \$0.3 million, or 4.2%, due to less revenue on Fire, Police, and Recreation services.
- Other Revenues increased by \$0.3 million, or 7.3%, resulting from a property insurance reimbursement for damages caused by a street sweeper explosion in 2014.

The Governmental Funds reported \$60.6 million of expenditures, a decrease of \$8.0 million from the prior fiscal year. The variance was mainly due to the capital investment in the Goldline Grade Separation Bridge project in the prior fiscal year as discussed earlier.

Proprietary Funds

As noted earlier, Total Net Position may serve, over time, as a useful indicator of a government's financial position. In the case of the Proprietary Funds, assets exceeded liabilities by \$72.4 million and comprises of \$67.0 million of Water Utility Fund, \$5.5 million Sewer Maintenance Fund, and \$0.2 million deficit from the Transit System Fund. As only sufficient resources are transferred to fund for the transit operation, the fund balance in the Transit System fund is comprised of merely the net capital investment and liability balance. Thus, the deficit was a result of the accrued pension liability per GASB Statement Nos. 68 & 71.

GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS

The General Fund is the primary operating fund of the City. The fund balance reported an increase of \$5.7 million to \$36.8 million at the fiscal year ending June 30, 2015. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures: unassigned fund balance represents 24.0% of total General Fund expenditures, while total fund balance represents 71.6% of that same amount. The City has implemented an emergency reserve policy to maintain its operating fund balance at 20% of the General Fund expenditures.

Revenues of the General Fund totaled \$57.3 million for the fiscal year ending June 30, 2015, which is \$1.7 million, or 3.1%, more than the prior fiscal year's revenue total. More analyses on the changes of General Fund revenue are as follow:

- Taxes increased \$1.3 million to \$35.0 million: Sales Tax, Utility Users Tax and Transient Occupancy Tax all increased when compared to the prior fiscal year. The increase in Utility User Tax was mainly due to the reinstatement of the tax rate from 5% to 7% effective July 1, 2013. The increase of Sales Tax and Transient Occupancy Tax was a result of continuing improvement in the economy and business activities.
- Licenses and Permits, consisting of Business License, Building Permits, and various permit fees, decreased \$0.7 million due to slowing construction and development activities in comparison to the prior fiscal year. As stated earlier, the City's construction activities grew rapidly from 2010 to 2014, but has slowed from its peak in fiscal year 2014-15.
- The 4.2% increase in the area of Use of Money and Property was attributable to the uptrend of interest rate.

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS (Continued)

- Intergovernmental revenue increased by \$1.0 million due to the \$0.4 million increase on Motor Vehicle License Fee revenue and a \$0.5 million of federal grant received from the Federal Highway Administration for cost relating to emergency response caused by the Windstorm of December 2011. The reimbursement was received and recognized in the fund statements in the current fiscal year, but accrued in the Government-Wide Statements in fiscal year 2013-14.
- Charges for Services decreased by \$0.3 million when compared to the prior year. The decrease was mainly due to ambulance charges and other safety service fees. The prior fiscal year's ambulance charges included a retroactive collection for Ground Emergency Medical Transportation (GEMT) fees from 2009-2013, which has contributed to the difference.
- In the Other Revenue category, an increase of \$0.5 million was attributable to the property insurance reimbursement for property damages caused by a street sweeper explosion in 2014, which resulted in vehicle damages and facility impairments.

| General Fund Revenue | 30-Jun-15 | 30-Jun-14 |
|---------------------------|--------------|--------------|
| Taxes | \$35,043,264 | \$33,756,096 |
| Licenses and permits | 6,139,175 | 6,883,004 |
| Fines and forfeitures | 614,075 | 618,833 |
| Use of money and property | 1,437,872 | 1,379,439 |
| Intergovernmental | 6,456,485 | 5,472,971 |
| Charges for services | 3,959,435 | 4,247,574 |
| Other revenues | 3,642,682 | 3,188,238 |
| Total revenues | \$57,292,988 | \$55,546,155 |

The adopted General Fund budget projected revenue of \$54.2 million for the fiscal year ending June 30, 2015. Actual total General Fund revenues were \$57.3 million, which is \$3.1 million or 5.4%, higher than the final adopted budget.

Key elements of the budget variance are as follows:

- Tax collection was \$1.5 million, or 4.6%, more than the budget. The receipts of Property Tax, Sales Tax, and Transient Occupancy Tax were more than the original projection due to the improving economy.
- License and Permits was \$0.08 million, or 1.3%, lower than anticipated. Construction and development activities decreased more than anticipated in the budget.
- The collection of parking citations was slightly less than expected, which resulted in a 1.4% of negative budget variance in the Fines and Forfeitures category.
- Use of money and property has positive budget variance due to the uptrend of interest rate.

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS (Continued)

- Intergovernmental revenues, including the Motor Vehicle License Fees, was \$0.9 million or 15.9% more than budgeted. The collection of Motor Vehicle License Fees was more than expected, and the unbudgeted \$0.5 million of federal grant received for the damages related to 2011 Windstorm has also contributed to the positive budget variance.
- Charges for Services had a positive variance of 3.1% due to more than expected revenues collection from ambulance and other safety related services.
- The favorable variance of \$0.6 million for Other Revenues was due to insurance reimbursements for property damages caused by a street sweeper explosion.

The City's General Fund expenditures were \$4.2 million, or 7.5% less than the final adopted budget. Despite rising personnel costs, all City departments ended the fiscal year with a positive budget variance. The Administrative Services Department had the largest savings of \$1.3 million or 30.1%. A big part of the variance is attributable to the lower than expected liability and workers' compensation claims. General Fund's overall personnel costs resulted in a 3.8% of positive budget variance. The savings came from prepayment of the annual CalPERS pension costs at the beginning of the fiscal year, and good management of overtime and vacancies that occurred throughout the fiscal year. Still, it should be noted that the \$1.8 million of underspending on Equipment Replacement costs was not a true saving; major equipment upgrade, like the Citywide VoIP phone implementation, had to be delayed and has been pushed into the following fiscal year. As such, those budget balances have been carried over into fiscal year 2015-16.

A General Fund Budgetary Comparison Schedule can be found in Required Supplementary Information on page 80 of this report.

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets as of June 30, 2015, amounts to \$113.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, park improvements, roadways, sewer, storm drains, vehicles, computer equipment, furniture, other equipment, and construction in progress.

Major capital asset events during the current fiscal year included the land acquisition for the intersection expansion at Huntington Drive and Santa Clara Street, upgrades on the City's Intelligent Transportation system, installation of fiber optic connection from City Hall to Public Work facilities, and various street and facility improvement projects.

| | Governmental Activities | | Business – Type Activities | | Total | |
|--------------------------------|-------------------------|--------------|----------------------------|--------------|---------------|---------------|
| | 30-Jun-15 | 30-Jun-14 | 30-Jun-15 | 30-Jun-14 | 30-Jun-15 | 30-Jun-14 |
| Non-depreciable assets: | | | | | | |
| Land | \$5,738,644 | \$4,335,769 | \$192,436 | \$192,436 | \$5,931,080 | \$4,528,205 |
| Water rights | - | - | 5,602,000 | 5,602,000 | 5,602,000 | 5,602,000 |
| Construction in progress | 2,317,785 | 689,215 | - | - | 2,317,785 | 689,215 |
| Total non-depreciable assets | 8,056,429 | 5,024,984 | 5,794,436 | 5,794,436 | 13,850,865 | 10,819,420 |
| Depreciable assets: | | | | | | |
| Buildings and improvements | 57,046,672 | 57,046,672 | - | - | 57,046,672 | 57,046,672 |
| Automotive equipment | 9,754,454 | 9,607,286 | 2,865,226 | 2,821,380 | 12,619,680 | 12,428,666 |
| Furniture and equipment | 2,714,814 | 2,500,584 | 484,436 | 631,677 | 3,199,250 | 3,132,261 |
| Infrastructure | 86,764,788 | 86,764,788 | 82,217,787 | 82,217,787 | 168,982,575 | 168,982,575 |
| Total depreciable assets | 156,280,728 | 155,919,330 | 85,567,449 | 85,670,844 | 241,848,177 | 241,590,174 |
| Less accumulated depreciation: | (100,082,128) | (96,571,553) | (42,502,922) | (40,629,971) | (142,585,050) | (137,201,524) |
| Total depreciable assets, net | 56,198,600 | 59,347,777 | 43,064,527 | 45,040,873 | 99,263,127 | 104,388,650 |
| Total capital assets, net | \$64,255,029 | \$64,372,761 | \$48,858,963 | \$50,835,309 | \$113,113,992 | \$115,208,070 |

Additional information on the City's capital assets can be found in the Notes to the Basic Financial Statements in Note 4 beginning on page 57 of this report.

Long-term debt. At the end of the current fiscal year, the City of Arcadia had a total outstanding debt of \$129.6 million.

| Citywide | 30-Jun-15 | 30-Jun-14 |
|-------------------------------|---------------|--------------|
| Claims and judgments payable | \$7,376,079 | \$7,469,051 |
| Compensated absences | 2,596,944 | 2,613,648 |
| OPEB obligations | 2,751,454 | 1,943,719 |
| Net pension liability | 103,250,759 | 0 |
| 2011 General Obligation Bonds | 7,579,767 | 7,887,032 |
| 2012 General Obligation Bonds | 6,022,492 | 6,281,837 |
| Total | \$129,577,495 | \$26,195,287 |

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

This is the first year in which GASB Statement Nos. 68 & 71 are implemented. These statements set new accounting and financial reporting requirements for government employer plans administered through irrevocable trusts. Based on the new accounting and reporting standard, the City's net pension obligation was established to be \$103.3 million as of June 30, 2015. More information related to the pension liability is available in Note 8 beginning on page 66.

Claims payable for outstanding Workers' Compensation and Liability issues decreased \$0.1 million to \$7.4 million and the other postemployment benefits (OPEB) obligation increased by \$0.8 million to \$2.8 million. OPEB obligation represents cumulative unpaid Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The reduction of General Obligation Bond debts are due to scheduled debt service payments. More details on the changes in long-term debt are available in the Notes to the Basic Financial Statements in Note 5 beginning on page 59 of this report.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The current debt limitation for the City of Arcadia is in excess of \$1 billion.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- The local economy is projected to continue its modest growth in the coming year and has been reflected in the City's FY 2015-16 Revenue Budget. At the time of budget preparation and up to its adoption, General Fund Revenue is budgeted to grow 4.7% when compared to the FY 2014-15 year end estimates. Other than Utility Tax, all other key tax revenues including Property Tax, Sales Tax, Transient Occupancy Tax, and Motor Vehicle License Fees are all expected to grow at moderate rate. The Operating Expenditures are expected to have an increase of 2.0% when compared to the FY 2014-15 Adopted Budget. Increases in expenditures are mainly related to salary expenses, bound by labor agreements, and rising pension costs as a result of policy changes that were adopted by CalPERS to ensure the future viability of the public pension system.
- The City adopted its FY2015-16 General Fund Operating Budget with a projected \$4.0 million surplus. With direction from City Council, the surplus will be designated to replenish the Equipment Replacement Fund, Capital Outlay Fund, and Self-Insurance Fund for General Liability and Workers' Compensation claims, and to establish a set-side reserve for the New City Hall.
- While the City's Five-Year Financial Forecast indicates that revenues will grow modestly over the next several years, the Forecast also anticipates rising costs in several areas. In order to maintain a balanced budget, it will be essential for the City to continue its history of conservative spending and rapid responses to changing conditions in the community.

City of Arcadia
Management's Discussion and Analysis
June 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (Continued)

Below is discussion of the more significant issues facing Arcadia in the coming fiscal years that are known at this time:

- ✓ **Utility Users' Tax Repeal:** On August 5, 2015, proponents of a Utility Users Tax repeal initiative measure filed a signed petition with the City Clerk's office. The signatures on the petition were verified and the number of signatures was determined to be sufficient by the Los Angeles County Registrar-Recorder/County Clerk on August 28, 2015. On September 15, 2015, the City Council received, filed, and accepted the Certificate of Sufficiency of Initiative Petition for a proposed Utility Users Tax ("UUT") repeal initiative Measure, which will be placed on the April 12, 2016 ballot. The City of Arcadia collects UUT on electricity, gas, and water at 7% of Gross sales and telecommunications at 5%. If the UUT were eliminated, there would be significant impacts on the City's ability to provide services and programs at the levels currently experienced by residents and businesses as it represents approximately \$7 Million or 12.5% of the City's overall General Fund revenues each year. UUT is the third largest revenue source for the City after property taxes (21.8%) and sales taxes (21.2%).
- ✓ **Funding for Other Post-Employment Benefits (OPEB):** Based on the most recent actuarial report as of July 2015, the Unfunded Accrued Actuarial Liability for the City's post-retirement medical benefits was at \$18.0 million. The liability has grown rapidly as the City adopted pay-as-you-go in the past few years, and has not contributed any extra amount toward the unfunded liability. In the budget for FY2015-16, the Council has authorized to start funding an OPEB Trust using a PERS reserve fund. The establishment of a trust will help in reducing the long term liability as the investment return on the deposit will be used to offset the liability. Continuing funding the trust account would be the only way to gradually reduce the unfunded liability.
- ✓ **Capital Improvement and Equipment Replacement Funds Recovering:** The expanding economy has allowed the City to transfer a significant amount of funds into the Capital improvement and Equipment Replacement Funds in recent years. The 5-Year Financial Forecast anticipates that the City will be able to transfer a steady stream of additional funds anticipated in the coming years. However, this is based on an economy that will not falter in the next few years and that the organization does not significantly expand in other areas. It is imperative that the City have the discipline to continue depositing funds into these accounts at or above the minimum required contributions to keep them sustainable.
- ✓ **CalPERS Policy Changes:** In the past several years, CalPERS, the City's retirement fund manager, has made policy and funding changes as well as modifying the actuarial assumption in order to ensure the future viability of the public pension system. While the changes were warranted and supported by municipalities, they will have significant impacts on the annual contributions for cities over the next 20 years. Most of these impacts started to take effect in FY 2014-15 and have been accounted for in future budgets.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the financial position of the City of Arcadia. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Department, 240 West Huntington Drive, Arcadia, CA 91007.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Arcadia
Statement of Net Position
June 30, 2015

| | Primary Government | | |
|---|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS AND DEFERRED OUTFLOW OF RESOURCES | | | |
| Current assets: | | | |
| Cash and investments | \$ 59,247,915 | \$ 31,654,965 | \$ 90,902,880 |
| Accounts receivable | 204,772 | 1,746,216 | 1,950,988 |
| Interest receivable | 125,347 | 65,073 | 190,420 |
| Due from other governments | 4,927,350 | 11,138 | 4,938,488 |
| Prepaid items | 41,868 | 114,070 | 155,938 |
| Inventories | 726,549 | - | 726,549 |
| Total current assets | 65,273,801 | 33,591,462 | 98,865,263 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Nondepreciable | 8,056,429 | 5,794,436 | 13,850,865 |
| Depreciable, net | 56,198,600 | 43,064,527 | 99,263,127 |
| Total capital assets | 64,255,029 | 48,858,963 | 113,113,992 |
| Total noncurrent assets | 64,255,029 | 48,858,963 | 113,113,992 |
| Total assets | 129,528,830 | 82,450,425 | 211,979,255 |
| Deferred outflow of resources: | | | |
| City's contributions subsequent to the measurement date | 7,860,641 | 550,648 | 8,411,289 |
| Total deferred outflow of resources | 7,860,641 | 550,648 | 8,411,289 |
| LIABILITIES AND DEFERRED INFLOW OF RESOURCES | | | |
| Current liabilities: | | | |
| Accounts payable | 1,684,601 | 2,378,617 | 4,063,218 |
| Accrued salaries payable | 1,549,094 | 27,976 | 1,577,070 |
| Interest payable | 195,769 | - | 195,769 |
| Unearned revenue | 276,387 | - | 276,387 |
| Deposits | - | 147,903 | 147,903 |
| Retention payable | 38,323 | 17,889 | 56,212 |
| Long-term debt - due within one year | 4,450,049 | 109,922 | 4,559,971 |
| Total current liabilities | 8,194,223 | 2,682,307 | 10,876,530 |
| Noncurrent liabilities: | | | |
| Long-term debt - due in more than one year | 118,326,391 | 6,691,133 | 125,017,524 |
| Total noncurrent liabilities | 118,326,391 | 6,691,133 | 125,017,524 |
| Total liabilities | 126,520,614 | 9,373,440 | 135,894,054 |
| Deferred inflow of resources: | | | |
| Differences between projected and actual earnings on pension plan investments | 15,694,953 | 1,274,420 | 16,969,373 |
| Total deferred inflow of resources | 15,694,953 | 1,274,420 | 16,969,373 |
| NET POSITION | | | |
| Net investment in capital assets | 50,652,770 | 48,858,963 | 99,511,733 |
| Restricted for: | | | |
| Debt service | 694,085 | - | 694,085 |
| Community purposes | 8,236,718 | - | 8,236,718 |
| Public safety | 1,340,410 | - | 1,340,410 |
| Transportation /streets | 9,312,873 | - | 9,312,873 |
| Total restricted | 19,584,086 | - | 19,584,086 |
| Unrestricted | (75,062,952) | 23,494,250 | (51,568,702) |
| Total net position (deficit) | \$ (4,826,096) | \$ 72,353,213 | \$ 67,527,117 |

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Statement of Activities
For the Fiscal Year Ended June 30, 2015

| Functions/Programs | Expenses | Program Revenues | | | Totals |
|-----------------------------------|---------------|----------------------|------------------------------------|----------------------------------|---------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary Government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 7,458,250 | \$ - | \$ 219,954 | \$ - | \$ 219,954 |
| Public safety | 32,579,734 | 3,683,293 | 495,546 | - | 4,178,839 |
| Public works services | 7,741,343 | 312,995 | 1,469,601 | (35,038) | 1,747,558 |
| Community development | 5,050,382 | 4,497,375 | 2,789,580 | 839,594 | 8,126,549 |
| Library | 3,640,914 | 71,564 | - | - | 71,564 |
| Recreation and community services | 3,310,420 | 3,045,343 | 45,631 | - | 3,090,974 |
| Interest on long-term debt | 434,682 | - | - | - | - |
| Total governmental activities | 60,215,725 | 11,610,570 | 5,020,312 | 804,556 | 17,435,438 |
| Business-type activities: | | | | | |
| Water | 16,891,412 | 10,132,653 | - | - | 10,132,653 |
| Sewer | 1,457,275 | 1,310,499 | - | - | 1,310,499 |
| Transit | 1,836,228 | 76,484 | 786,352 | - | 862,836 |
| Total business-type activities | 20,184,915 | 11,519,636 | 786,352 | - | 12,305,988 |
| Total primary government | \$ 80,400,640 | \$ 23,130,206 | \$ 5,806,664 | \$ 804,556 | \$ 29,741,426 |

(Continued)

City of Arcadia
Statement of Activities (Continued)
For the Fiscal Year Ended June 30, 2015

| Functions/Programs | Net (Expense) Revenue and Changes in Net Position | | |
|---|--|-----------------------------|----------------|
| | Governmental Activities | Business-Type Activities | Total |
| Primary Government: | | | |
| Governmental activities: | | | |
| General government | \$ (7,238,296) | \$ - | \$ (7,238,296) |
| Public safety | (28,400,895) | - | (28,400,895) |
| Public works services | (5,993,785) | - | (5,993,785) |
| Community development | 3,076,167 | - | 3,076,167 |
| Library | (3,569,350) | - | (3,569,350) |
| Recreation and community services | (219,446) | - | (219,446) |
| Interest on long-term debt | (434,682) | - | (434,682) |
| Total governmental activities | (42,780,287) | - | (42,780,287) |
| Business-type activities: | | | |
| Water | - | (6,758,759) | (6,758,759) |
| Sewer | - | (146,776) | (146,776) |
| Transit | - | (973,392) | (973,392) |
| Total business-type activities | - | (7,878,927) | (7,878,927) |
| Total primary government | (42,780,287) | (7,878,927) | (50,659,214) |
| General Revenues: | | | |
| Taxes and fees: | | | |
| Property taxes | 13,865,978 | - | 13,865,978 |
| Sales taxes | 10,427,065 | - | 10,427,065 |
| Franchise fees | 1,192,519 | - | 1,192,519 |
| Utilities user taxes | 7,142,118 | - | 7,142,118 |
| Transient occupancy taxes | 3,365,408 | - | 3,365,408 |
| Motor vehicle license taxes | 5,641,681 | - | 5,641,681 |
| Non-regulatory business license taxes | 1,202,350 | - | 1,202,350 |
| Other taxes | 1,662,956 | - | 1,662,956 |
| Total taxes and fees | 44,500,075 | - | 44,500,075 |
| Investment earnings | 1,632,484 | 332,719 | 1,965,203 |
| Gain on disposal of assets | 28,323 | 18,300 | 46,623 |
| Miscellaneous | 4,421,469 | - | 4,421,469 |
| Transfers | (817,751) | 817,751 | - |
| Total general revenues and transfers | 49,764,600 | 1,168,770 | 50,933,370 |
| Change in net position | 6,984,313 | (6,710,157) | 274,156 |
| Net position - beginning of fiscal year | 92,167,401 | 86,341,104 | 178,508,505 |
| Prior period adjustments | (103,977,810) | (7,277,734) | (111,255,544) |
| Net position (deficit) - beginning of fiscal year, as restated | (11,810,409) | 79,063,370 | 67,252,961 |
| Net position (deficit) - end of fiscal year | \$ (4,826,096) | \$ 72,353,213 | \$ 67,527,117 |

See Accompanying Notes to the Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund - established to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Capital Outlay Capital Projects Fund - established to account for acquisition of capital items and construction of capital projects as determined by City Council. Financing is provided by the City's share of proceeds from the Santa Anita Race Track as allowed by the State.

City of Arcadia
Balance Sheet
Governmental Funds
June 30, 2015

| | Major Funds | | Nonmajor | Total |
|--|----------------------|---------------------|-----------------------|-----------------------|
| | General | Capital Outlay | Governmental Funds | Governmental Funds |
| ASSETS | | | | |
| Cash and investments | \$ 35,184,341 | \$ 4,884,094 | \$ 19,179,480 | \$ 59,247,915 |
| Accounts receivable | 194,713 | - | 10,059 | 204,772 |
| Interest receivable | 79,864 | 10,831 | 34,652 | 125,347 |
| Due from other funds | 185,595 | - | - | 185,595 |
| Due from other governments | 3,251,741 | 388,413 | 1,072,589 | 4,712,743 |
| Prepaid items and deposits | 41,868 | - | - | 41,868 |
| Inventories | 726,549 | - | - | 726,549 |
| Total assets | \$ 39,664,671 | \$ 5,283,338 | \$ 20,296,780 | \$ 65,244,789 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 1,003,096 | \$ 383,635 | \$ 297,870 | \$ 1,684,601 |
| Accrued salaries payable | 1,541,822 | - | 7,272 | 1,549,094 |
| Due to other funds | - | - | 185,595 | 185,595 |
| Unearned revenue | 276,387 | - | - | 276,387 |
| Retention payable | 5,305 | 5,606 | 27,412 | 38,323 |
| Total liabilities | 2,826,610 | 389,241 | 518,149 | 3,734,000 |
| Fund Balances: | | | | |
| Nonspendable | 768,417 | - | - | 768,417 |
| Restricted | - | - | 19,779,855 | 19,779,855 |
| Assigned | 23,710,862 | 4,894,097 | - | 28,604,959 |
| Unassigned | 12,358,782 | - | (1,224) | 12,357,558 |
| Total fund balances | 36,838,061 | 4,894,097 | 19,778,631 | 61,510,789 |
| Total liabilities and fund balances | \$ 39,664,671 | \$ 5,283,338 | \$ 20,296,780 | \$ 65,244,789 |

City of Arcadia
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

| | |
|---|------------------------------|
| Total Fund Balances - Total Governmental Funds | \$ 61,510,789 |
| Amounts reported for governmental activities in the statement of net position were different because: | |
| Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the governmental funds. | <u>64,255,029</u> |
| Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds. | <u>(195,769)</u> |
| Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds: | |
| Long-term debt - due within one year | (4,450,049) |
| Long-term debt - due in more than one year | <u>(118,326,391)</u> |
| Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. | |
| City's contributions subsequent to the measurement date | 7,860,641 |
| Differences between projected and actual earnings on pension plan investments | <u>(15,694,953)</u> |
| Revenues earned but not available to pay for current expenditures for governmental funds are unavailable. | <u>214,607</u> |
| Net Position (Deficit) of Governmental Activities | <u>\$ (4,826,096)</u> |

City of Arcadia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

| | Major Funds | | Nonmajor | Total |
|--|----------------------|---------------------|-----------------------|-----------------------|
| | General | Capital Outlay | Governmental Funds | Governmental Funds |
| REVENUES: | | | | |
| Taxes | \$ 35,043,264 | \$ 773,470 | \$ 2,094,440 | \$ 37,911,174 |
| Licenses and permits | 6,139,175 | - | 372,853 | 6,512,028 |
| Fines and forfeitures | 614,075 | - | 321,554 | 935,629 |
| Use of money and property | 1,437,872 | 58,382 | 136,229 | 1,632,483 |
| Intergovernmental | 6,456,485 | - | 5,051,896 | 11,508,381 |
| Charges for services | 3,959,435 | - | 2,127,320 | 6,086,755 |
| Other revenues | 3,642,682 | 378,259 | 369,279 | 4,390,220 |
| Total revenues | 57,292,988 | 1,210,111 | 10,473,571 | 68,976,670 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government: | | | | |
| City Council | 251,444 | - | - | 251,444 |
| City Manager | 714,206 | - | - | 714,206 |
| City Clerk | 252,547 | - | - | 252,547 |
| City Attorney | 439,332 | - | - | 439,332 |
| General City | 1,246,193 | 791,379 | 17,720 | 2,055,292 |
| Administrative Services | 3,017,484 | - | - | 3,017,484 |
| Public safety: | | | | |
| Police | 18,493,393 | 24,891 | 184,749 | 18,703,033 |
| Fire | 13,017,580 | 20,895 | 7,141 | 13,045,616 |
| Public works services | 3,660,597 | 762,218 | 1,949,478 | 6,372,293 |
| Community development | 4,345,036 | 1,412,543 | 2,411,294 | 8,168,873 |
| Library | 3,308,504 | 103,567 | 21,000 | 3,433,071 |
| Recreation and community services | 2,728,415 | 251,783 | 119,085 | 3,099,283 |
| Debt service: | | | | |
| Principal retirement | - | - | 525,000 | 525,000 |
| Interest and fiscal charges | - | - | 484,854 | 484,854 |
| Total expenditures | 51,474,731 | 3,367,276 | 5,720,321 | 60,562,328 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 5,818,257 | (2,157,165) | 4,753,250 | 8,414,342 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 1,515,400 | 880,000 | 1,479,584 | 3,874,984 |
| Transfers out | (1,607,058) | (791,622) | (2,294,055) | (4,692,735) |
| Total other financing sources (uses) | (91,658) | 88,378 | (814,471) | (817,751) |
| Net changes in fund balances | 5,726,599 | (2,068,787) | 3,938,779 | 7,596,591 |
| FUND BALANCES: | | | | |
| Beginning of fiscal year | 31,111,462 | 6,962,884 | 15,351,432 | 53,425,778 |
| Prior period adjustments | - | - | 488,420 | 488,420 |
| Beginning of fiscal year, restated | 31,111,462 | 6,962,884 | 15,839,852 | 53,914,198 |
| End of fiscal year | <u>\$ 36,838,061</u> | <u>\$ 4,894,097</u> | <u>\$ 19,778,631</u> | <u>\$ 61,510,789</u> |

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Fiscal Year Ended June 30, 2015

| | |
|---|---------------------|
| Net Change in Fund Balances - Total Governmental Funds | <u>\$ 7,596,591</u> |
|---|---------------------|

Amounts reported for governmental activities in the Statement of Activities were different because:

Acquisition of capital assets was reported as expenditures in the governmental funds. However, in the statement of activities, the cost of those assets was allocated over the estimated useful lives as depreciation expense. The following was the amount of capital assets recorded in the current period:

| | |
|-----------------------------------|-------------------------|
| Public safety | 507,126 |
| Public works services | 105,018 |
| Community development | 3,218,690 |
| Library | 42,245 |
| Recreation and community services | <u>36,652</u> |
| Total | <u><u>3,909,731</u></u> |

| | |
|---|------------------|
| Cost write off for canceled capital projects. If a planned capital project is canceled and will not be completed, cost previously capitalized as construction in progress must be written off to expense. Costs written off for canceled projects were: | <u>(153,379)</u> |
|---|------------------|

| | |
|--|--------------------|
| Depreciation expense on capital assets was reported in the statement of activities, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure in the governmental funds. | <u>(3,874,084)</u> |
|--|--------------------|

| | |
|--|---------------|
| Compensated absences was reported in the statement of activities, but it did not require the use of current financial resources. Therefore, compensated absences was not reported as an expenditure in the governmental funds. The differences between paid and earned for the period was: | <u>18,133</u> |
|--|---------------|

| | |
|--|---------------|
| Claims and judgments payable was reported in the Statement of Activities, but it did not require the use of current financial resources. Therefore, claims and judgment payable was not reported as an expenditure in the governmental funds. The differences between claims incurred and paid for the period was: | <u>92,972</u> |
|--|---------------|

| | |
|--|------------------|
| Long-term OPEB obligation was reported in the Statement of Activities, but it did not require the use of current financial resources. Therefore, OPEB was not reported as an expenditure in the governmental funds. The differences between accrual-basis pension costs and actual employer contributions was: | <u>(780,574)</u> |
|--|------------------|

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these difference in the treatment of long-term debt and related items.

| | |
|-----------------------------|----------------|
| Repayment of bond principal | <u>525,000</u> |
|-----------------------------|----------------|

Some expenses are reported in the statement of activities, but they did not require the use of current financial resources. Therefore, these expenses were not reported as an expenditure in the governmental funds.

| | |
|------------------------------|----------------------|
| Accrued interest | 8,562 |
| Amortization of bond premium | <u>41,610</u> |
| Total | <u><u>50,172</u></u> |

| | |
|--|----------------|
| In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contributions was: | <u>179,924</u> |
|--|----------------|

| | |
|--|------------------|
| Unavailable revenue is not recognized as revenue in the governmental funds in current fiscal year since the revenue is not available to fund current fiscal year expenditures. | <u>(580,173)</u> |
|--|------------------|

| | |
|--|----------------------------|
| Change in Net Position of Governmental Activities | <u><u>\$ 6,984,313</u></u> |
|--|----------------------------|

See Accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Water Utility Enterprise Fund - established to account for the operation of the City's water utility, a self-supporting activity which renders services on a user charge basis to residents and businesses located in Arcadia.

Sewer Maintenance Enterprise Fund - established to account for maintenance of the City's sewer system. Financing is provided by fees charged to residential and commercial developers.

Transit System Enterprise Fund - established to account for the City-operated "Dial-A-Ride" van service to the general public. Principal sources of revenue are the Los Angeles County Proposition "A" funds, Federal Transit Administration Capital Assistance, State Transportation Development Act Funds, and passenger fees.

City of Arcadia
Statement of Net Position
Proprietary Funds
June 30, 2015

| | Enterprise Funds | | | |
|---|----------------------|---------------------|---------------------|----------------------|
| | Water Utility | Sewer Maintenance | Transit System | Total |
| ASSETS AND DEFERRED OUTFLOW OF RESOURCES | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 28,850,251 | \$ 2,580,032 | \$ 224,682 | \$ 31,654,965 |
| Accounts receivable | 1,522,038 | 224,178 | - | 1,746,216 |
| Interest receivable | 59,759 | 5,314 | - | 65,073 |
| Prepaid items | 113,689 | 381 | - | 114,070 |
| Due from other governments | 888 | 194 | 10,056 | 11,138 |
| Total current assets | 30,546,625 | 2,810,099 | 234,738 | 33,591,462 |
| Capital assets: | | | | |
| Nondepreciable | 5,794,436 | - | - | 5,794,436 |
| Depreciable, net | 38,532,907 | 4,279,331 | 252,289 | 43,064,527 |
| Total capital assets | 44,327,343 | 4,279,331 | 252,289 | 48,858,963 |
| Total assets | 74,873,968 | 7,089,430 | 487,027 | 82,450,425 |
| Deferred outflow of resources: | | | | |
| City's pension contributions subsequent to the measurement | 403,763 | 116,074 | 30,811 | 550,648 |
| Total deferred outflow of resources | 403,763 | 116,074 | 30,811 | 550,648 |
| LIABILITIES AND DEFERRED INFLOW OF RESOURCES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 2,048,337 | 97,006 | 233,274 | 2,378,617 |
| Retention payable | 15,034 | 2,855 | - | 17,889 |
| Accrued salaries payable | 20,808 | 5,703 | 1,465 | 27,976 |
| Compensated absences payable - due within one year | 109,922 | - | - | 109,922 |
| Deposits | 147,903 | - | - | 147,903 |
| Total current liabilities | 2,342,004 | 105,564 | 234,739 | 2,682,307 |
| Noncurrent liabilities: | | | | |
| Net pension liabilities | 4,757,248 | 1,367,616 | 363,024 | 6,487,888 |
| Net OPEB obligation | 165,068 | - | - | 165,068 |
| Compensated absences payable - due in more than one year | 38,177 | - | - | 38,177 |
| Total noncurrent liabilities | 4,960,493 | 1,367,616 | 363,024 | 6,691,133 |
| Total liabilities | 7,302,497 | 1,473,180 | 597,763 | 9,373,440 |
| Deferred inflow of resources: | | | | |
| Differences between projected and actual earnings on pension plan investments | 934,469 | 268,642 | 71,309 | 1,274,420 |
| Total deferred inflow of resources | 934,469 | 268,642 | 71,309 | 1,274,420 |
| NET POSITION | | | | |
| Net investment in capital assets | 44,327,343 | 4,279,331 | 252,289 | 48,858,963 |
| Unrestricted | 22,713,422 | 1,184,351 | (403,523) | 23,494,250 |
| Total net position | \$ 67,040,765 | \$ 5,463,682 | \$ (151,234) | \$ 72,353,213 |

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

| | Enterprise Funds | | | |
|---|--------------------|-------------------|--------------------|--------------------|
| | Water Utility | Sewer Maintenance | Transit System | Total |
| OPERATING REVENUES: | | | | |
| Charges for services | \$ 10,111,422 | \$ 1,310,499 | \$ 76,484 | \$ 11,498,405 |
| Other | 21,231 | - | - | 21,231 |
| Total operating revenues | 10,132,653 | 1,310,499 | 76,484 | 11,519,636 |
| OPERATING EXPENSES: | | | | |
| Administration and general | 2,609,909 | 1,068,650 | 282,778 | 3,961,337 |
| Power, supplies and pumping | 12,373,690 | 176,453 | - | 12,550,143 |
| Contract costs | 184,261 | 42,356 | 1,394,113 | 1,620,730 |
| Depreciation | 1,723,552 | 169,816 | 159,337 | 2,052,705 |
| Total operating expenses | 16,891,412 | 1,457,275 | 1,836,228 | 20,184,915 |
| OPERATING INCOME (LOSS) | (6,758,759) | (146,776) | (1,759,744) | (8,665,279) |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Investment income | 308,334 | 24,385 | - | 332,719 |
| Federal and state grants | - | - | 786,352 | 786,352 |
| Gain on disposal of capital assets | 18,300 | - | - | 18,300 |
| Total nonoperating revenues (expenses) | 326,634 | 24,385 | 786,352 | 1,137,371 |
| INCOME (LOSS) BEFORE TRANSFERS | (6,432,125) | (122,391) | (973,392) | (7,527,908) |
| TRANSFERS: | | | | |
| Transfers in | - | - | 817,751 | 817,751 |
| Total transfers | - | - | 817,751 | 817,751 |
| Changes in net position | (6,432,125) | (122,391) | (155,641) | (6,710,157) |
| NET POSITION (DEFICIT): | | | | |
| Beginning of fiscal year | 78,809,293 | 7,120,185 | 411,626 | 86,341,104 |
| Prior period adjustments | (5,336,403) | (1,534,112) | (407,219) | (7,277,734) |
| Beginning of fiscal year, restated | 73,472,890 | 5,586,073 | 4,407 | 79,063,370 |
| End of fiscal year | \$ 67,040,765 | \$ 5,463,682 | \$ (151,234) | \$ 72,353,213 |

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

| | Enterprise Funds | | | |
|--|-----------------------|---------------------|-----------------------|-----------------------|
| | Water Utility | Sewer Maintenance | Transit System | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from customers | \$ 10,794,563 | \$ 1,321,533 | \$ 76,484 | \$ 12,192,580 |
| Cash payments to suppliers for goods and services | (10,951,437) | (596,829) | (1,378,347) | (12,926,613) |
| Cash payments to employees for services | (2,712,024) | (761,125) | (182,402) | (3,655,551) |
| Cash received for other operating activities | 21,231 | - | - | 21,231 |
| Net cash provided by (used in) operating activities | (2,847,667) | (36,421) | (1,484,265) | (4,368,353) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Cash received from/ (paid) to other governments | (888) | (6) | 788,869 | 787,975 |
| Transfers in | - | - | 817,751 | 817,751 |
| Net cash provided (used) by noncapital financing activities | (888) | (6) | 1,606,620 | 1,605,726 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Proceeds from sale of capital assets | 18,300 | - | - | 18,300 |
| Acquisition of capital assets | (44,633) | (31,726) | - | (76,359) |
| Net cash provided by (used in) capital and related financing activities | (26,333) | (31,726) | - | (58,059) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest received | 316,051 | 24,677 | - | 340,728 |
| Net cash provided by investing activities | 316,051 | 24,677 | - | 340,728 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (2,558,837) | (43,476) | 122,355 | (2,479,958) |
| CASH AND CASH EQUIVALENTS - Beginning of fiscal year | 31,409,088 | 2,623,508 | 102,327 | 34,134,923 |
| CASH AND CASH EQUIVALENTS - End of fiscal year | \$ 28,850,251 | \$ 2,580,032 | \$ 224,682 | \$ 31,654,965 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ (6,758,759) | \$ (146,776) | \$ (1,759,744) | \$ (8,665,279) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 1,723,552 | 169,816 | 159,337 | 2,052,705 |
| Changes in assets, deferred outflows, liabilities, and deferred inflows: | | | | |
| Accounts receivable | 684,500 | 11,034 | - | 695,534 |
| Prepaid items | (1,530) | (381) | 775 | (1,136) |
| Accounts payable | 1,496,722 | (40,757) | 117,599 | 1,573,564 |
| Retention payable | 8,258 | (21,132) | - | (12,874) |
| Accrued salaries payable | 20,808 | 5,703 | 1,465 | 27,976 |
| Deposits | (1,359) | - | - | (1,359) |
| Net pension liabilities | (957,083) | (275,143) | (73,035) | (1,305,261) |
| Deferred outflow of resources - pension | (25,835) | (7,427) | (1,971) | (35,233) |
| Deferred inflow of resources - pension | 934,469 | 268,642 | 71,309 | 1,274,420 |
| Net OPEB obligation | 27,161 | - | - | 27,161 |
| Compensated absences | 1,429 | - | - | 1,429 |
| Total adjustments | 3,911,092 | 110,355 | 275,479 | 4,296,926 |
| Net cash provided by (used in) operating activities | \$ (2,847,667) | \$ (36,421) | \$ (1,484,265) | \$ (4,368,353) |

See Accompanying Notes to the Basic Financial Statements.

FIDUCIARY FUNDS

Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund - established to account for activities of the Successor Agency to the Arcadia Redevelopment Agency.

Agency Fund - established to account for assets held by the City as agent for individuals, private organizations, or other governmental units, and/or other funds.

City of Arcadia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

| | Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund | Agency Fund |
|---|--|---------------------|
| | <u>Trust Fund</u> | <u>Fund</u> |
| ASSETS | | |
| Current assets: | | |
| Cash and investments | \$ 5,537,267 | \$ 2,308,336 |
| Cash and investments with fiscal agent | 2,896,219 | - |
| Accounts receivable | - | 1,590 |
| Interest receivable | 15,398 | - |
| Due from other governments | 22,690 | - |
| Total current assets | <u>8,471,574</u> | <u>2,309,926</u> |
| Noncurrent assets: | | |
| Land held for resale | <u>6,038,504</u> | <u>-</u> |
| Total noncurrent assets | <u>6,038,504</u> | <u>-</u> |
| Total assets | <u>14,510,078</u> | <u>\$ 2,309,926</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 218 | \$ 36,404 |
| Accrued salaries payable | 457 | - |
| Deposits payable | - | 2,273,522 |
| Interest payable | 376,534 | - |
| Bonds payable - due within one year | 1,393,355 | - |
| Total current liabilities | <u>1,770,564</u> | <u>2,309,926</u> |
| Noncurrent liabilities: | | |
| Bonds payable - due in more than one year | <u>20,330,064</u> | <u>-</u> |
| Total noncurrent liabilities | <u>20,330,064</u> | <u>-</u> |
| Total liabilities | <u>22,100,628</u> | <u>\$ 2,309,926</u> |
| NET POSITION (DEFICIT) | | |
| Held in trust | <u>\$ (7,590,550)</u> | |

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

| | |
|---------------------------------------|--|
| | Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund |
| | <hr/> |
| ADDITIONS: | |
| Redevelopment Property Tax Trust Fund | \$ 3,454,958 |
| Use of money and property | 146,254 |
| Total additions | <hr/> 3,601,212 <hr/> |
| DEDUCTIONS: | |
| Enforceable obligations | 4,667,198 |
| Administration | 192,513 |
| Total deductions | <hr/> 4,859,711 <hr/> |
| Change in net position | (1,258,499) |
| NET POSITION (DEFICIT): | |
| Beginning of fiscal year | (6,332,051) |
| End of fiscal year | <hr/> \$ (7,590,550) <hr/> |

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NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Arcadia
Notes to the Basic Financial Statements
June 30, 2015

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Arcadia, California (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

A. Financial Reporting Entity

The City was incorporated on August 15, 1903 as a charter city under the laws of the State of California and enjoys all the rights and privileges allowed by its charter. The City is governed by an elected five-member council.

Component units are legally separate entities that meet any one of the following tests:

1. The City appoints the voting majority of the board and:
 - is able to impose its will on the component unit and/or
 - is in a relationship of financial benefit or burden with the component unit.
2. The component unit is fiscally dependent upon the City.
3. The financial statements of the City would be misleading if data from the component unit were omitted.

The City had no blended or discretely presented component units.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the statement of net position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and, therefore, are not recognized as revenue until that time.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Fiduciary activities of the City are not included in these statements.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due from/to other funds
- Transfers in/out

Governmental Fund Financial Statements

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements.

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 these purposes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, certain grant revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

The City reports the following major governmental funds:

- General Fund – This fund was established to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.
- Capital Outlay Capital Projects Fund – This fund was established to account for acquisition of capital items and construction of capital projects as determined by City Council. Financing is provided by the City's share of proceeds from the Santa Anita Race Track as allowed by the State.

Proprietary Fund Financial Statements

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

- Water Utility Enterprise Fund – This fund was established to account for the operation of the City's water utility, a self-supporting activity which renders services on a user charge basis to residents and businesses located within the City.
- Sewer Maintenance Enterprise Fund – This fund was established to account for the maintenance of the City's sewer system. Financing is provided by fees charged to residential and commercial developers.
- Transit System Enterprise Fund – This fund was established to account for the City-operated "Dial-A-Ride" van service to the general public.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Fiduciary Fund Financial Statements

The fiduciary funds are reported using the accrual basis of accounting.

The City reports the following fiduciary funds:

- Successor Agency to the Arcadia Redevelopment Agency Fund – This private-purpose trust fund was established to account for the activities of the Successor Agency to the Arcadia Redevelopment Agency.
- Agency Fund – This agency fund was established to account for items that are custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

C. Cash, Cash Equivalents and Investments

The City considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition as cash and cash equivalents. All cash and investments of proprietary funds are held in the City's investment pool. These cash pools have the general characteristics of a demand deposit account, therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for statement of cash flows purposes.

Investments are stated at fair value (quoted market price or best available estimate thereof).

D. Cash and Investments with Fiscal Agent

Cash and investments with fiscal agent are restricted for the redemption of bonded debt and for acquisition and construction of capital projects.

E. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “interfund balances”.

F. Inventories and Prepaid Items

Inventories within the various fund types consist of materials and supplies which are valued at cost on a first-in, first-out basis. Reported expenditures reflect the consumption method of recognizing inventory-related expenditures. A nonspendable fund balance has been reported in the governmental funds to show that inventories do not constitute “*available spendable resources*”, even though they are a component of current assets.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Inventories and Prepaid Items (Continued)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Land Held for Resale

Land held for resale is carried at the lower of cost or market, but not greater than the estimated net realizable value.

H. Capital Assets

In the government-wide financial statements, capital assets are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure at \$50,000; all other capital assets are set at \$5,000.

The City defines infrastructure assets as the basic physical assets that allow the City to function. The assets include streets, storm drains, park lands, and buildings. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems are not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems. For all infrastructure systems, the City elected to use the “Basic Approach”.

Interest accrued during capital assets construction, if any, is capitalized for the enterprise funds as part of the asset cost.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method. The lives used for depreciation purposes are as follows:

| | |
|--------------------------------|--------------|
| Hydrants | 30 years |
| Pipes | 40-75 years |
| Wells | 25-40 years |
| Booster pumps | 25 years |
| Reservoirs | 60 years |
| Chlorination equipment | 20 years |
| Telemetry system | 30 years |
| Meters | 20 years |
| Auto equipment | 4-15 years |
| Office furniture and equipment | 3-20 years |
| Infrastructure: | |
| Streets | 30-50 years |
| Sewers | 40-100 years |
| Traffic signals | 20 years |
| Street lights | 30 years |
| Bridges | 40-50 years |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

In the fund financial statements, the governmental fund financial statements do not present capital assets. Consequently, capital assets are presented as reconciling items in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position.

I. Interest Payable

In the government-wide financial statements, interest payable on long-term debt is recognized as the liability is incurred for governmental activities and business-type activities. In the fund financial statements, only proprietary fund types recognize the interest payable when the liability is incurred.

J. Unearned Revenue

Unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues are prepaid charges for services.

K. Compensated Absences

City employees have vested interest in varying levels of vacation and sick leave based on their length of employment. Vacation leave is payable to employees at the time a vacation is taken or upon termination of employment. Vacation leave cannot be accrued for more than 65 pay periods at the accrual rate. Sick leave is payable only when an employee is unable to work due to personal or family illness. Sick leave may be accrued up to a maximum of 1,500 hours for general employees, 2,000 hours for public works employees, 1,500 for civilian police, 1,600 hours for sworn police, and 2,100 hours for fire employees. Unused sick leave does not vest and is forfeited upon termination. The amount of compensated absences is accrued when incurred in the government-wide financial statements and proprietary funds. Compensated absences are primarily liquidated by the General Fund and proprietary funds.

L. Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts 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.

In the fund financial statements, the governmental fund financial statements do not present long-term liabilities. Consequently, long term debt is shown as a reconciling item in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position.

M. Claims and Judgments

When it is probable that a claim or judgment liability has been incurred at fiscal year-end, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage. The City is self-insured and has insurance coverage in excess of the self-insured amounts as a member of the California Insurance Pool Authority (“CIPA”).

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool with the County, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are received from the County of Los Angeles (the “County”) within sixty days after fiscal year-end.

The following are key dates pertaining to property taxes:

| | |
|------------------|---------------------------|
| Lien Date: | January 1 |
| Levy Date: | June 30 |
| Due Date: | November 1 and February 1 |
| Collection Date: | December 10 and April 10 |

N. Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

O. Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Nonspendable fund balances are items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City. Adoption of a resolution by the City Council is required to commit resources or to rescind the commitment.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Fund Balances (Continued)

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has by resolution authorized the City Manager and the Administrative Services Director for that purpose.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Q. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order, except for instances wherein an ordinance specifies the fund balance:

Committed
Assigned
Unassigned

R. Use of Estimates

The preparation of the basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Accounting Changes

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, “Accounting for Pensions by State and Local Governmental Employers” as well as the requirements of Statement No. 50, “Pension Disclosures”. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense related to pensions. Implementation of the GASB Statement No. 68 did have an impact on the City’s financial statements for the fiscal year ended June 30, 2015, see Note 8- Pension Plan and Note 11 – Prior Period Adjustments.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68 “Accounting and Financial Reporting for Pensions.” The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. Implementation of the GASB Statement No. 71 did have an impact on the City’s financial statements for the fiscal year ended June 30, 2015, see Note 8 – Pension Plan and Note 11 - Prior Period Adjustments.

Note 2 – Cash and Investments

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. Certain restricted funds which are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investments with fiscal agent.

The City had the following cash and investments at June 30, 2015:

| | Government-Wide Statement of Net Position | | | Fiduciary Fund Statement of Net Position | |
|--|---|--------------------------|----------------------|--|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | Net Position | Total |
| Cash and investments | \$ 59,247,915 | \$ 31,654,965 | \$ 90,902,880 | \$ 7,845,603 | \$ 98,748,483 |
| Cash and investments with fiscal agent | - | - | - | 2,896,219 | 2,896,219 |
| Total cash and investments | \$ 59,247,915 | \$ 31,654,965 | \$ 90,902,880 | \$ 10,741,822 | \$ 101,644,702 |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 2 – Cash and Investments (Continued)

The City's cash and investments at June 30, 2015 in more detail:

| | |
|---|-----------------------|
| Cash and cash equivalents: | |
| Petty cash | \$ 18,956 |
| Demand deposits | 1,673,936 |
| Total cash and cash equivalents | <u>1,692,892</u> |
| Investments: | |
| Local Agency Investment Fund | 20,680,233 |
| Certificates of Deposits | 3,096,467 |
| Medium-term Notes | 14,998,235 |
| U.S. Treasury Notes | 9,043,920 |
| U.S. Government Sponsored Enterprise Securities | 49,236,736 |
| Total investments | <u>97,055,591</u> |
| Cash and investments with fiscal agent: | |
| Money Market Funds | 2,896,219 |
| Total cash and investments | <u>\$ 101,644,702</u> |

A. Deposits

The carrying amounts of the City's demand deposits were \$1,673,936 at June 30, 2015. Bank balances at that date were \$2,227,166, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below. The difference between the carrying amount and bank balances represents outstanding checks, deposits in transit, and other reconciling items.

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

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

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

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 2 – Cash and Investments (Continued)

B. Investments

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

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio * | Maximum Investment in One Issuer |
|---|------------------|-----------------------------------|----------------------------------|
| United States Treasury Obligations | 5 years | No Limit | No Limit |
| U.S. Government Sponsored Enterprise Securities (limited to: Federal Home Loan Bank, Federal National Mortgage Association Federal Farm Credit Bank and Federal Home Loan Mortgage Corporation) | 5 years | No Limit | No Limit |
| Repurchase Agreements | 30 days | No Limit | No Limit |
| Commercial Paper | 270 days | 25% | 5% |
| Bankers' Acceptances | 180 days | 15% | 5% ** |
| Medium-term notes | 3 or 5 years*** | 20% | 5% |
| Non-negotiable Certificates of deposit and savings deposits | 5 years | 20% | N/A |
| Negotiable Certificates of deposit (amount limited to FDIC insurance limits) | 5 years | 20% | N/A |
| Local Agency Investment Fund ("LAIF") | N/A | No Limit | \$50 Million |
| Money Market Mutual Funds | N/A | 20% | No Limit |
| Investment-grade obligations of state, local government and public authorities | 5 years | 20% | 5% |

N/A - Not Applicable

* Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

** Lesser of 5% or \$3,000,000

*** 3 years for "A" rated corporate bonds and 5 years for "AA" rated bonds

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2015, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2015, the City had \$20,680,233 invested in LAIF, which had invested 2.08% of the pool investment funds in Structured Notes and Asset-Backed Securities.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 2 – Cash and Investments (Continued)

C. Risk Disclosures

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investments to a maximum maturity of five years. At June 30, 2015, the City had the following investment maturities:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | | |
|--|---------------|----------------------------------|---------------|---------------|--------------|--------|
| | | Less than 1 | 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 |
| Local Agency Investment Fund (LAIF) | \$ 20,680,233 | \$ 20,680,233 | \$ - | \$ - | \$ - | \$ - |
| Certificates of deposits | 3,096,467 | 1,551,438 | 1,062,687 | 482,342 | - | - |
| Medium-term Notes | 14,998,235 | 727,000 | 7,783,350 | 6,487,885 | - | - |
| U.S. Treasury Notes | 9,043,920 | 2,006,800 | 7,037,120 | - | - | - |
| Federal Farm Credit Bank | 7,019,210 | 2,001,300 | - | 3,007,510 | 2,010,400 | - |
| Federal Home Loan Bank | 16,838,913 | - | 8,931,909 | 6,911,264 | 995,740 | - |
| Federal Home Loan Mortgage Corporation | 12,783,198 | 2,006,120 | 5,020,690 | 5,756,388 | - | - |
| Federal National Mortgage Association | 12,595,415 | 700,644 | 1,410,416 | 9,488,495 | 995,860 | - |
| Held by Fiscal Agent: | | | | | | |
| Money Market Funds | 2,896,219 | 2,896,219 | | | | |
| Total | \$ 99,951,810 | \$ 32,569,754 | \$ 31,246,172 | \$ 32,133,884 | \$ 4,002,000 | \$ - |

Credit Risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations ("NRSROs"). It is the City's policy to limit its investments in these investment types to the top rating issued by Standard & Poor's and Moody's Investors Service. At June 30, 2015, the City's credit risks, expressed on a percentage basis, were as follows:

| Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Investments | | | |
|---|-----------------------------|---------------------------|--|
| Investment Type | Moody's Credit Rating | S&P's Credit Rating | % of Investments with Interest Rate Risk |
| Local Agency Investment Fund (LAIF) | Not Rated | Not Rated | 20.68% |
| Certificates of deposits | Not Rated | Not Rated | 3.10% |
| Medium term Notes: | | | |
| Apple | Aa1 | AA+ | 1.48% |
| Berkshire Hathaway | Aa2 | AA | 2.01% |
| Chevron | Aa1 | AA | 1.01% |
| Coca-Cola | Aa3 | AA | 0.76% |
| General Electric Capital Corp. | A1 | AA+ | 1.75% |
| IBM | Aa3 | AA- | 1.00% |
| Merck | A2 | AA+ | 1.00% |
| Microsoft | Aaa | AAA | 1.00% |
| Proctor & Gamble | Aa3 | AA- | 1.01% |
| Toyota Motor | Aa3 | AA- | 1.98% |
| U.S. Bancorp | A1 | A+ | 1.01% |
| Wells Fargo | A2 | A+ | 1.00% |
| U.S. Treasury Notes | Aaa | AA+ | 9.05% |
| Federal Farm Credit Bank | Aaa | AA+ | 7.02% |
| Federal Home Loan Bank | Aaa | AA+ | 16.85% |
| Federal Home Loan Mortgage Corporation | Aaa | AA+ | 12.79% |
| Federal National Mortgage Association | Aaa | AA+ | 12.60% |
| Held by Fiscal Agent | | | |
| Money Market Funds | Not Rated | Not Rated | 2.90% |
| Total | | | 100.00% |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 2 – Cash and Investments (Continued)

C. Risk Disclosures (Continued)

Custodial Credit Risk - For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's investments, \$2,896,219 of securities is held by the investment's counterparty, the trustee for the general obligation and tax allocation bonds, not in the name of the City as of June 30, 2015.

Note 3 – Interfund Transactions

A. Government-Wide Financial Statements

Transfers - At June 30, 2015, the City had the following transfers for the operation of the Transit System Enterprise Fund:

| | Transfers In |
|-------------------------|-----------------------------|
| | Business-Type Activities |
| Transfers Out | |
| Governmental Activities | \$ 817,751 |

B. Fund Financial Statements

Due From/To Other Funds - At June 30, 2015, the City had the following due from/to other funds:

| | Due from Other Funds |
|-----------------------------|-----------------------------|
| | General Fund |
| Due to Other Funds | |
| Nonmajor Governmental Funds | 185,595 |
| Total | \$ 185,595 |

The above interfund balances resulted from temporary reclassifications made at June 30, 2015 to cover cash shortfalls.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 3 – Interfund Transactions (Continued)

B. Fund Financial Statements (Continued)

Transfers In/Out - At June 30, 2015, the City had the following transfers in/out which arise in the normal course of operations:

| | Transfers In | | | | Total |
|--------------------------------------|---------------------|---|------------------------------------|----------------------------------|---------------------|
| | General Fund | Capital Outlay Capital Projects Fund | Nonmajor Governmental Funds | Transit System Enterprise | |
| Transfers Out | | | | | |
| General Fund | \$ - | \$ 880,000 | \$ 687,962 | \$ 39,096 | \$ 1,607,058 |
| Capital Outlay Capital Projects Fund | - | - | 791,622 | - | 791,622 |
| Nonmajor Governmental Funds | 1,515,400 | - | - | 778,655 | 2,294,055 |
| Total | \$ 1,515,400 | \$ 880,000 | \$ 1,479,584 | \$ 817,751 | \$ 4,692,735 |

In general, transfers are used to 1) transfer restricted revenues collected in one fund to finance eligible programs accounted for in other funds in accordance with budgetary authorizations, and 2) to reimburse the General Fund for administrative services provided to other funds.

Note 4 – Capital Assets

A. Government-Wide Financial Statements

A summary of changes in the capital assets for the governmental activities for the fiscal year ended June 30, 2015 is as follows:

| | Governmental Activities | | | | Balance June 30, 2015 |
|--|--------------------------------|------------------|---------------------|---------------------------------|------------------------------|
| | Balance July 1, 2014 | Additions | Deletions | Prior Period Adjustments | |
| Nondepreciable assets: | | | | | |
| Land | \$ 4,335,769 | \$ 1,402,875 | \$ - | \$ - | \$ 5,738,644 |
| Construction in progress | 689,215 | 1,781,949 | (153,379) | - | 2,317,785 |
| Total nondepreciable assets | 5,024,984 | 3,184,824 | (153,379) | - | 8,056,429 |
| Depreciable assets: | | | | | |
| Building and improvements | 57,046,672 | - | - | - | 57,046,672 |
| Automotive equipment | 9,607,286 | 470,691 | (372,785) | 49,262 | 9,754,454 |
| Furniture and equipment | 2,500,584 | 254,216 | (39,986) | - | 2,714,814 |
| Infrastructure | 86,764,788 | - | - | - | 86,764,788 |
| Total capital assets, being depreciated | 155,919,330 | 724,907 | (412,771) | 49,262 | 156,280,728 |
| Less accumulated depreciation: | | | | | |
| Building and improvements | (19,668,974) | (1,749,474) | - | - | (21,418,448) |
| Automobile equipment | (7,699,886) | (431,087) | 372,785 | (49,262) | (7,807,450) |
| Furniture and equipment | (1,848,611) | (151,375) | 39,986 | - | (1,960,000) |
| Infrastructure | (67,354,082) | (1,542,148) | - | - | (68,896,230) |
| Total accumulated depreciation | (96,571,553) | (3,874,084) | 412,771 | (49,262) | (100,082,128) |
| Total depreciable assets, net | 59,347,777 | (3,149,177) | - | - | 56,198,600 |
| Governmental activities capital assets, net | \$ 64,372,761 | \$ 35,647 | \$ (153,379) | \$ - | \$ 64,255,029 |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 4 – Capital Assets (Continued)

A. Government-Wide Financial Statements (Continued)

Depreciation expense was charged to functions/programs of governmental activities for the fiscal year ended June 30, 2015 as follows:

| | |
|-----------------------------------|---------------------|
| General government | \$ 241,000 |
| Public safety | 1,357,996 |
| Public works services | 1,762,746 |
| Community development | 6,329 |
| Library | 250,088 |
| Recreation and community services | 255,925 |
| Total depreciation expense | \$ 3,874,084 |

A summary of changes in the capital assets for the business-type activities for the fiscal year ended June 30, 2015 is as follows:

| | Business-Type Activities | | | | Balance June 30, 2015 |
|---|--------------------------|-----------------------|-------------|-------------|--------------------------|
| | Balance July 1, 2014 | Additions | Deletions | Transfers | |
| Nondepreciable assets: | | | | | |
| Land | \$ 192,436 | \$ - | \$ - | \$ - | \$ 192,436 |
| Water rights | 5,602,000 | - | - | - | 5,602,000 |
| Total nondepreciable assets | 5,794,436 | - | - | - | 5,794,436 |
| Depreciable assets: | | | | | |
| Water treatment plant and systems | 71,297,531 | - | - | - | 71,297,531 |
| Sewer pipes | 10,920,256 | - | - | - | 10,920,256 |
| Automotive equipment | 2,821,380 | 68,086 | (24,240) | - | 2,865,226 |
| Furniture and equipment | 631,677 | 8,273 | (155,514) | - | 484,436 |
| Total capital assets, being depreciated | 85,670,844 | 76,359 | (179,754) | - | 85,567,449 |
| Less accumulated depreciation: | | | | | |
| Water treatment plant and systems | (31,308,679) | (1,685,665) | - | - | (32,994,344) |
| Sewer pipes | (6,530,379) | (145,962) | - | - | (6,676,341) |
| Automobile equipment | (2,280,175) | (212,849) | 24,240 | - | (2,468,784) |
| Furniture and equipment | (510,738) | (8,229) | 155,514 | - | (363,453) |
| Total accumulated depreciation | (40,629,971) | (2,052,705) | 179,754 | - | (42,502,922) |
| Total depreciable assets, net | 45,040,873 | (1,976,346) | - | - | 43,064,527 |
| Business-type activities capital assets, net | \$ 50,835,309 | \$ (1,976,346) | \$ - | \$ - | \$ 48,858,963 |

Depreciation expense for business-type activities for the fiscal year ended June 30, 2015 was charged as follows:

| | |
|-----------------------------------|---------------------|
| Water Utility | \$ 1,723,552 |
| Sewer Maintenance | 169,816 |
| Transit System | 159,337 |
| Total depreciation expense | \$ 2,052,705 |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 4 – Capital Assets (Continued)

B. Fund Financial Statements

The governmental fund financial statements do not present capital assets. Consequently, capital assets are presented as reconciling items in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position.

Note 5 – Long-Term Liabilities

A. Governmental Activities

A summary of changes in long-term liabilities for governmental activities for the fiscal year ended June 30, 2015 is as follows:

| | Balance July 1, 2014 | Prior Period Adjustments | Additions | Deletions | Balance June 30, 2015 | Due within One Year | Due in more than One Year |
|-------------------------------|-------------------------|-----------------------------|----------------------|------------------------|--------------------------|------------------------|------------------------------|
| 2011 General Obligation Bonds | \$ 7,505,000 | \$ - | \$ - | \$ (285,000) | \$ 7,220,000 | \$ 295,000 | \$ 6,925,000 |
| 2012 General Obligation Bonds | 5,950,000 | - | - | (240,000) | 5,710,000 | 260,000 | 5,450,000 |
| Subtotal | 13,455,000 | - | - | (525,000) | 12,930,000 | 555,000 | 12,375,000 |
| Add deferred amounts: | | | | | | | |
| Bond premium - 2011 GOB | 382,032 | - | - | (22,265) | 359,767 | 22,265 | 337,502 |
| Bond premium - 2012 GOB | 331,837 | - | - | (19,345) | 312,492 | 19,345 | 293,147 |
| Subtotal | 713,869 | - | - | (41,610) | 672,259 | 41,610 | 630,649 |
| Total bonds payable | 14,168,869 | - | - | (566,610) | 13,602,259 | 596,610 | 13,005,649 |
| Claims and judgments payable | 7,469,051 | - | 1,000,500 | (1,093,472) | 7,376,079 | 2,208,097 | 5,167,982 |
| Compensated absences | 2,466,978 | - | 1,627,209 | (1,645,342) | 2,448,845 | 1,645,342 | 803,503 |
| Net OPEB obligation | 1,805,812 | - | 1,530,006 | (749,432) | 2,586,386 | - | 2,586,386 |
| Net pension liabilities | - | 111,988,937 | 28,167,081 | (43,393,147) | 96,762,871 | - | 96,762,871 |
| Total | \$ 25,910,710 | \$ 111,988,937 | \$ 32,324,796 | \$ (47,448,003) | \$ 122,776,440 | \$ 4,450,049 | \$ 118,326,391 |

Typically, the General Fund has been used to liquidate the liability for compensated absences, claims and judgments payable, net other postemployment benefits, and net pension liabilities.

2011 General Obligation Bonds – Original Issue \$8,000,000

In May 2011, the City issued General Obligation Bonds in the amount of \$8,000,000. The bonds were authorized at an election on April 11, 2006, at which more than two-thirds of the persons voting on the proposition voted to authorize the issuance and sale of the bonds. The purpose of the bonds was to finance the costs of constructing, installing, acquiring and improving of a grade separation at the intersection of Santa Anita Avenue and the proposed Foothill Extension of the Metropolitan Transit Authority Gold Line.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 5 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2011 General Obligation Bonds – Original Issue \$8,000,000 (Continued)

The bonds consisted of \$3,545,000 of serial bonds and \$4,455,000 of term bonds. The serial bonds accrue interest at rates between 2.00% and 5.00% and mature between August 1, 2012 and August 1, 2022. The term bonds accrue interest at a rate ranging from 3.50% to 4.20% and mature between August 1, 2024 and August 1, 2031. Bonds maturing on or after August 1, 2024 shall be subject to mandatory sinking fund redemption, in part by lot, prior to their stated maturity at redemption prices equal to 100% of the principal amount. There are no future revenues pledged for payment of principal and interest on these bonds.

The amount of bonds outstanding at June 30, 2015 totaled \$7,220,000.

The annual debt service requirements on these bonds are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------------|---------------------|---------------------|----------------------|
| 2016 | \$ 295,000 | \$ 301,220 | \$ 596,220 |
| 2017 | 305,000 | 289,220 | 594,220 |
| 2018 | 320,000 | 275,120 | 595,120 |
| 2019 | 335,000 | 258,745 | 593,745 |
| 2020 | 350,000 | 241,620 | 591,620 |
| 2021-2025 | 2,025,000 | 933,087 | 2,958,087 |
| 2026-2030 | 2,460,000 | 493,120 | 2,953,120 |
| 2031-2032 | 1,130,000 | 47,880 | 1,177,880 |
| TOTAL | <u>\$ 7,220,000</u> | <u>\$ 2,840,012</u> | <u>\$ 10,060,012</u> |

2012 General Obligation Refunding Bonds – Original Issue \$6,135,000

In September 2012, the City issued General Obligation Refunding Bonds in the amount of \$6,135,000. The bonds were authorized by City Council. The purpose of the bonds was to refund the 2001 A General Obligation Bonds and to pay costs relating to the issuance the bonds and the refunding of the prior bonds, which were issued for the construction of the City's Police Station. The refunding reduced the net true interest cost from 5.1% originally to 2.16% and saved \$1.55 million in present value.

Bonds maturing in the years 2013 to 2031 are serial bonds payable August 1 in annual installments of \$185,000 to \$420,000. The bonds bear interest at 2.00% to 5.00% due February 1 and August 1 of each year. Bonds maturing on or after August 1, 2023 are subject to optional redemption in whole or in part on any date commencing August 1, 2022. The bonds are payable solely from ad valorem property taxes.

The amount of bonds outstanding at June 30, 2015 totaled \$5,710,000.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 5 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2012 General Obligation Refunding Bonds – Original Issue \$6,135,000 (Continued)

The annual debt service requirements on these bonds are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------------|---------------------|---------------------|---------------------|
| 2016 | \$ 260,000 | \$ 160,125 | \$ 420,125 |
| 2017 | 260,000 | 153,625 | 413,625 |
| 2018 | 270,000 | 145,675 | 415,675 |
| 2019 | 280,000 | 136,025 | 416,025 |
| 2020 | 290,000 | 124,625 | 414,625 |
| 2021-2025 | 1,645,000 | 455,975 | 2,100,975 |
| 2026-2030 | 1,875,000 | 248,475 | 2,123,475 |
| 2031-2032 | 830,000 | 25,050 | 855,050 |
| TOTAL | \$ 5,710,000 | \$ 1,449,575 | \$ 7,159,575 |

Claims and Judgments Payable

The amount of claims and judgments payable at June 30, 2015 was \$7,376,079. See Note 7B for details.

Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation) in the governmental activities has been accrued and amounted to \$2,448,845.

B. Business-Type Activities

| | Balance July 1, 2014 | Prior Period Adjustments | Additions | Deletions | Balance June 30, 2015 | Due within One Year | Due in more than One Year |
|-----------------------------|-------------------------|-----------------------------|---------------------|-----------------------|--------------------------|------------------------|------------------------------|
| Compensated absences | \$ 146,670 | \$ - | \$ 109,922 | \$ (108,493) | \$ 148,099 | \$ 109,922 | \$ 38,177 |
| Net OPEB obligation | 137,907 | - | 49,391 | (22,230) | 165,068 | - | 165,068 |
| Net pension liabilities | - | 7,793,149 | 2,165,395 | (3,470,656) | 6,487,888 | - | 6,487,888 |
| Total long-term debt | \$ 284,577 | \$ 7,793,149 | \$ 2,324,708 | \$ (3,601,379) | \$ 6,801,055 | \$ 109,922 | \$ 6,691,133 |

Compensated Absences

In the proprietary funds, the liability for vested and unpaid compensated absences (accrued vacation) is reported in the fund as the benefits are vested and earned. The compensated absences accrued in the proprietary funds amounted to \$148,099 at June 30, 2015.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 5 – Long-Term Liabilities (Continued)

C. Fiduciary Activities

A summary of changes in long-term debt for the private-purpose trust fund for the fiscal year ended June 30, 2015 is as follows:

| | Balance July 1, 2014 | Additions | Deletions | Balance June 30, 2015 | Due within One Year | Due in more than One Year |
|----------------------------|-------------------------|-------------|-----------------------|--------------------------|------------------------|------------------------------|
| 2001A Tax Allocation Bonds | \$ 5,580,000 | \$ - | \$ (500,000) | \$ 5,080,000 | \$ 525,000 | \$ 4,555,000 |
| 2010 Tax Allocation Bonds | 17,690,000 | - | (750,000) | 16,940,000 | 895,000 | 16,045,000 |
| Subtotal | 23,270,000 | - | (1,250,000) | 22,020,000 | 1,420,000 | 20,600,000 |
| Less deferred amounts: | | | | | | |
| Bond discount | (323,226) | - | 26,645 | (296,581) | (26,645) | (269,936) |
| Total bonds payable | \$ 22,946,774 | \$ - | \$ (1,223,355) | \$ 21,723,419 | \$ 1,393,355 | \$ 20,330,064 |

2001 A Tax Allocation Bonds – Original Issue \$11,655,000

In June 2001, the former Redevelopment Agency issued tax allocation bonds, Series 2001 A in the amount of \$11,655,000. The purpose of the bonds was to finance public capital improvements including part of the cost of a police station, a fire station, other public capital improvements, repayment of a City loan, and to refund the 1989 Redevelopment Agency Tax Allocation Refunding Bonds.

The bonds consisted of \$9,500,000 of serial bonds and \$2,155,000 of term bonds. The serial bonds accrue interest at rates between 4.25% and 5.125% and mature between May 1, 2002 and May 1, 2020. The term bonds accrue interest at a rate of 5.25% and mature on May 1, 2023. Serial bonds maturing on or after May 1, 2009, shall be subject to redemption, at the option of the former Redevelopment Agency on any date on or after May 1, 2009 at redemption prices ranging from 100% to 101%. Term bonds maturing on May 1, 2023 are subject to mandatory redemption in whole or in part by lot, without premium, commencing May 1, 2021, from sinking fund payments made by the former Redevelopment Agency.

The bond agreement requires the Successor Agency to pledge its annual tax revenues in an amount equal to at least 125% of the annual debt service requirement each fiscal year, through final maturity of the Bonds on May 1, 2023 or early retirement of the Bonds, whichever occurs first. The ratio of net revenues to the debt service payments due during the year ended June 30, 2015 was 1.95 (195%).

Revenues received by the Successor Agency from the Redevelopment Property Tax Trust Fund (“RPTTF”) have been pledged for the payment of principal and interest on these bonds. Principal and interest paid for the current year amounted to \$783,268 and total net revenues reported by the Successor Agency was \$3,454,958.

The amount of bonds outstanding at June 30, 2015 totaled \$5,080,000 in the Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 5 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

2001 A Tax Allocation Bonds – Original Issue \$11,655,000 (Continued)

The annual debt service requirements on these bonds are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------------|---------------------|---------------------|---------------------|
| 2016 | \$ 525,000 | \$ 258,269 | \$ 783,269 |
| 2017 | 555,000 | 232,019 | 787,019 |
| 2018 | 585,000 | 204,269 | 789,269 |
| 2019 | 615,000 | 175,019 | 790,019 |
| 2020 | 645,000 | 143,500 | 788,500 |
| 2021-2023 | 2,155,000 | 224,731 | 2,379,731 |
| TOTAL | <u>\$ 5,080,000</u> | <u>\$ 1,237,807</u> | <u>\$ 6,317,807</u> |

2010 Tax Allocation Bonds – Original Issue \$19,830,000

In September 2010, the former Redevelopment Agency issued tax allocation bonds, Series 2010 in the amount of \$19,830,000. The purpose of the bonds was to finance the redevelopment project including land acquisition, land improvements, business rehabilitation, capital improvements and repayment of an existing obligation to the former Redevelopment Agency's low and moderate income housing fund, and to refund the 2001B Redevelopment Agency Tax Allocation Bonds.

The bonds consisted of all serial bonds with maturity between September 1, 2011 to September 1, 2026 at accrued interest rates between 1.999% and 6.625%. Serial bonds maturing on or after September 1, 2020, shall be subject to redemption, at the option of the Successor Agency on any date on or after September 1, 2020, as a whole or in part, at redemption prices equal to the principal amount.

The bond agreement requires the Successor Agency to pledge its annual tax revenues in an amount equal to at least 125% of the annual debt service requirement each fiscal year, through final maturity of the bonds on May 1, 2026 or early retirement of the bonds, whichever occurs first. The ratio of net revenues to the debt service payments due during the fiscal year ended June 30, 2015 was 1.95 (195%).

RPTTF revenues received by the Successor Agency have been pledged for the payment of principal and interest on these bonds. Principal and interest paid for the current year amounted to \$1,764,812 and total net revenues reported by the Successor Agency were \$3,454,958.

The amount of bonds outstanding at June 30, 2015 totaled \$16,940,000 in the Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 5 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

2010 Tax Allocation Bonds – Original Issue \$19,830,000 (Continued)

The annual debt service requirements on these bonds are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------------|----------------------|---------------------|----------------------|
| 2016 | \$ 895,000 | \$ 981,113 | \$ 1,876,113 |
| 2017 | 935,000 | 939,492 | 1,874,492 |
| 2018 | 975,000 | 892,850 | 1,867,850 |
| 2019 | 1,025,000 | 841,569 | 1,866,569 |
| 2020 | 1,075,000 | 785,100 | 1,860,100 |
| 2021-2025 | 7,160,000 | 2,857,503 | 10,017,503 |
| 2026-2027 | 4,875,000 | 326,629 | 5,201,629 |
| TOTAL | <u>\$ 16,940,000</u> | <u>\$ 7,624,256</u> | <u>\$ 24,564,256</u> |

Note 6 – Expenditures in Excess of Appropriations

The following funds had expenditures in excess of budget:

| Fund | Appropriations | Expenditures | Excess Expenditures over Appropriations |
|-------------------------------------|----------------|--------------|--|
| Nonmajor Governmental Funds: | | | |
| Special Revenue Funds: | | | |
| AQMD: | | | |
| Community development | \$ 30,200 | \$ 47,073 | \$ 16,873 |
| CDBG: | | | |
| Recreation and community services | 66,000 | 69,519 | 3,519 |
| Prop A Transit: | | | |
| Public works services | 103,700 | 110,727 | 7,027 |
| Parking District: | | | |
| Public works services | 15,800 | 16,128 | 328 |

Sufficient revenues were available to fund the excess expenditures in all funds.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 7 – Risk Management

A. Coverage

The City retains a level of risk for both general liability and worker's compensation.

General Liability

The City is self-insured for the first \$500,000 on each general liability claim against the City. The insurance coverage in excess of the self-insured amount is provided by California Insurance Pool Authority ("CIPA"), a public entity risk pool currently operating as a common risk management and insurance program for 12 California cities. Effective July 1, 2006, the City became a member of the CIPA. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for formation of the CIPA provides that the pool will be self-sustaining through member premiums. The City continues to use commercial companies for all other risks of loss, including property insurance, auto physical damage insurance and special events insurance. The CIPA has published its own financial report for the fiscal year ended June 30, 2015, which can be obtained from 240 Newport Center Drive, Suite 210, Newport Beach, CA 92660.

As a member of CIPA, any losses in excess of the City's self-insured amount up to \$2,000,000 are shared by all participating members. Costs of covered claims above \$2,000,000 to \$40,000,000 per occurrence are currently paid by reinsurance acquired by CIPA.

Workers' Compensation

The City has had a self-insured workers' compensation program for a number of years. For the 2014-2015 fiscal year, the self-insured retention was \$500,000. Beginning July 1, 2006, the insurance in excess of the self-insured amount is provided by CIPA. As a member of CIPA, all participating members share any losses in excess of the City's self-insured amount up to \$3,000,000. Costs covered claims above \$3,000,000 to 25,000,000 per occurrence are currently paid by reinsurance acquired by CIPA.

B. Claims Activity

Claims expenses and liabilities were reported when they were probable that a loss had occurred and the amount of that loss can be reasonably estimated. At June 30, 2015, the amount of these liabilities was \$7,376,079 and was the City's best estimate based on available information. The liabilities for unpaid claims were calculated using actuarial methods and assumptions with the conclusions consistent with GASB Statement No. 10. The liabilities included allocated loss adjustment expenses containing case reserves, the development on known claims and incurred but not reported claims. It did not include a provision for non-incremental expenses.

A summary of the changes in claims liabilities for the past three fiscal years follows:

| Fiscal Year Ending June 30, | Claims Payable July 1 | Claims Incurred during the Fiscal Year | Claims Payments | Fiscal Year Ended June 30 |
|--------------------------------------|-----------------------------|--|--------------------|------------------------------------|
| 2013 | \$ 6,669,433 | \$ 2,989,840 | \$ (1,684,725) | \$ 7,974,548 |
| 2014 | 7,974,548 | 1,136,256 | (1,641,753) | 7,469,051 |
| 2015 | 7,469,051 | 1,000,500 | (1,093,472) | 7,376,079 |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 7 – Risk Management (Continued)

B. Claims Activity (Continued)

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.

Note 8 – Pension Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plan

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

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 8 – Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

| | City Miscellaneous Plan | | | |
|---|--|--|--------------------------------|--------------------------------|
| | Tier I | Hybrid | Tier II | Tier 3 |
| Hire date | Prior to July 1, 2011 | Hired between July 1, 2011 - October 8, 2011 | On or after October 9, 2011 | On or after January 1, 2013 |
| Benefit formula | 2.5% @ 55 | 2.5% @ 55 | 2% @ 60 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life | monthly for life |
| Retirement age | 50-63 | 50-63 | 50-63 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 2.0% - 2.5% | 2.0% - 2.5% | 1.092%-2.418% | 1.0% to 2.5% |
| Required employee contribution rates | Total 8%. 7% paid by City (EMPC) | 8.00% | 7.00% | 6.75% |
| Required employer contribution rates | Total 22.907%. Employee pays 7% of employer cost through cost-sharing | 22.907% | 22.907% | 6.75% |

| | City Safety Plan | | | |
|---|--|--|--------------------------------|--------------------------------|
| | Tier I | Hybrid | Tier II | Tier 3 |
| Hire date | Prior to July 1, 2011 | Hired between July 1, 2011 - October 8, 2011 | On or after October 9, 2011 | On or after January 1, 2013 |
| Benefit formula | 3.0% @ 50 | 3.0% @ 50 | 3% @ 55 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life | monthly for life |
| Retirement age | 50-55 | 50-55 | 50-55 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 3.0% | 3.0% | 2.4%-3.0% | 1.0% to 2.5% |
| Required employee contribution rates | Total 9%. 9% paid by City (EMPC) | 9.00% | 9.00% | 12.00% |
| Required employer contribution rates | Total 41.130%. Employee pays 9% of employer cost through cost-sharing | 41.130% | 41.130% | 12.00% |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 8 – Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

| | Miscellaneous | Safety |
|--|---------------|--------|
| Inactive employees or beneficiaries currently receiving benefits | 284 | 205 |
| Inactive employees entitled to but not yet receiving benefits | 322 | 114 |
| Active employees | 186 | 120 |
| Total | 792 | 439 |

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

| | Miscellaneous | Safety |
|---------------------------|--|------------------|
| Valuation Date | June 30, 2013 | June 30, 2013 |
| Measurement Date | June 30, 2014 | June 30, 2014 |
| Actuarial Cost Method | Entry-Age Normal Cost Method | |
| Actuarial Assumptions: | | |
| Discount Rate | 7.50% | 7.50% |
| Inflation | 2.75% | 2.75% |
| Payrol Growth | 3.00% | 3.00% |
| Projected Salary Increase | 3.30%-14.20% (1) | 3.30%-14.20% (1) |
| Investment Rate of Return | 7.50% (2) | 7.50% (2) |
| Mortality | Derived using CalPERS' Membership Data for all Funds | |

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 8 – Pension Plan (Continued)

B. Net Pension Liability (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 8 – Pension Plan (Continued)

B. Net Pension Liability (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

| Asset Class | New Strategic Allocation | Real Return Year 1 - 10(a) | Real Return Years 11+(b) |
|-------------------------------|--------------------------|-------------------------------|-----------------------------|
| Global Equity | 47.00% | 5.25% | 5.71% |
| Global Fixed Income | 19.00% | 0.99% | 2.43% |
| Inflation Sensitive | 6.00% | 0.45% | 3.36% |
| Private Equity | 12.00% | 6.83% | 6.95% |
| Real Estate | 11.00% | 4.50% | 5.13% |
| Infrastructure and Forestland | 3.00% | 4.50% | 5.09% |
| Liquidity | 2.00% | -0.55% | -1.05% |
| Total | 100.00% | | |

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

C. Changes in the Net Pension Liability

The change in the Net Pension Liability for each Plan follows:

Miscellaneous Plan:

| | Increase (Decrease) | | |
|---|-------------------------|-----------------------------|-------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| Balance at June 30, 2013 | \$ 124,540,482 | \$ 83,355,481 | \$ 41,185,001 |
| Changes in the year: | | | |
| Service Cost | 2,248,238 | - | 2,248,238 |
| Interest on the Total Pension Liability | 9,195,374 | - | 9,195,374 |
| Contribution from the Employer | - | 2,723,852 | (2,723,852) |
| Contribution from the Employees | - | 1,050,853 | (1,050,853) |
| Net investment income | - | 14,566,912 | (14,566,912) |
| Benefit Payments | (6,119,226) | (6,119,226) | - |
| Net Changes | 5,324,386 | 12,222,391 | (6,898,005) |
| Balance at June 30, 2014 | \$ 129,864,868 | \$ 95,577,872 | \$ 34,286,996 |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 8 – Pension Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

The change in the Net Pension Liability for each Plan follows (continued):

Public Safety Plan:

| | Increase (Decrease) | | |
|---|-------------------------|-----------------------------|-------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| Balance at 6/30/13 | \$ 203,419,480 | \$ 124,822,395 | \$ 78,597,085 |
| Changes in the year: | | | |
| Service Cost | 3,861,700 | - | 3,861,700 |
| Interest on the Total Pension Liability | 15,027,164 | - | 15,027,164 |
| Contribution from the Employer | - | 5,003,393 | (5,003,393) |
| Contribution from the Employees | - | 1,500,951 | (1,500,951) |
| Net investment income | - | 22,017,842 | (22,017,842) |
| Benefit Payments | (9,976,294) | (9,976,294) | - |
| Net Changes | 8,912,570 | 18,545,892 | (9,633,322) |
| Balance at June 30, 2014 | \$ 212,332,050 | \$ 143,368,287 | \$ 68,963,763 |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate –The following presents the net pension liability of the Local Government for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | Miscellaneous | Safety |
|-----------------------|---------------|---------------|
| 1% Decrease | 6.50% | 6.50% |
| Net Pension Liability | \$ 51,374,907 | \$ 97,851,393 |
| Current Discount Rate | 7.50% | 7.50% |
| Net Pension Liability | \$ 34,286,996 | \$ 68,963,763 |
| 1% Increase | 8.50% | 8.50% |
| Net Pension Liability | \$ 20,178,749 | \$ 45,263,859 |

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 8 – Pension Plan (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2015, the City recognized pension expense of \$8,165,291. At June 30, 2015, the Local Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date | \$ 8,411,289 | \$ - |
| Net differences between projected and actual earnings on plan investments | - | 16,969,373 |
| Total | <u>\$ 8,411,289</u> | <u>\$ 16,969,373</u> |

\$8,411,289 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal Year Ended June 30 | |
|------------------------------|--------------|
| 2016 | \$ 4,242,343 |
| 2017 | 4,242,343 |
| 2018 | 4,242,343 |
| 2019 | 4,242,344 |

Note 9 – Postemployment Health Care Benefits

The City provides certain health insurance benefits, in accordance with the fringe benefits resolution, to retired employees. The City Council has the authority to establish and amend the benefits offered by the single-employer plan. On August 16, 2011, the City Council approved contracts with employees capping the maximum monthly retiree health benefit contribution made by the City for existing employees who retire on or after January 1, 2012; reducing retiree health insurance benefits for employees hired on or after January 1, 2012 to the mandatory minimum contribution established by California Government Code Section 22892(b). An eligible retiree is an employee who retires on a service retirement and has 125 days of accumulated sick leave at the date of retirement. Such payment shall cease by the employee's sixty-fifth (65) birthday. If the retired employee has other group medical coverage available to them, then this other group insurance shall be primary and the City's health insurance plan shall function as a secondary coinsurance. An employee who has fewer than 125 days of accumulated sick leave at the date of retirement may become eligible for coverage by paying the City an amount equal to the employee's daily pay rate at the time of retirement times the number of days needed to meet the 125 days of accumulated sick leave requirement with restrictions. The requirement varies slightly among different employee groups. The restrictions are as follows:

1. The employee must have reached age 55;
2. The employee must have worked full-time continuously for the City for a minimum of 15 years; and
3. The employee would be limited to purchasing a maximum of 60 days (480 hours) of sick leave.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 9 – Postemployment Health Care Benefits (Continued)

The City also provides a \$10,000 group term life insurance plan to management employees who retire after July 1, 1979, but who were hired into a management classification prior to September 21, 1982, in accordance with the controlling provisions of the plan. The City has a separate insurance policy for the remaining 18 active plan participants.

Funding Policy

The required contribution of the City is based on a pay-as-you-go financing requirement. For the fiscal year ended June 30, 2015, the City contributed \$771,662 to the plan.

Annual OPEB Cost and Net OPEB Obligation

The City's annual Other Postemployment Benefit ("OPEB") cost (expense) is calculated based on the *Annual Required Contribution of the Employer* ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The City uses the General Fund and Water Utility Fund to liquidate the net OPEB obligation.

The following table shows the components of the City's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Plan:

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|--------------|
| Annual Required Contribution | \$ 1,444,230 | \$ 42,840 | \$ 1,487,070 |
| Interest on Beginning Net OPEB Obligation | 85,776 | 6,551 | 92,327 |
| Annual OPEB Cost | 1,530,006 | 49,391 | 1,579,397 |
| Contributions Made Outside of a Trust | (749,432) | (22,230) | (771,662) |
| Change in Net OPEB Obligation | 780,574 | 27,161 | 807,735 |
| Net OPEB Obligation, Beginning of Fiscal Year | 1,805,812 | 137,907 | 1,943,719 |
| Net OPEB Obligation, End of Fiscal Year | \$ 2,586,386 | \$ 165,068 | \$ 2,751,454 |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding two years is as follows:

| Fiscal Year | Annual OPEB Cost | Annual Contribution | % of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------|------------------------|------------------------|---|---------------------------|
| 6/30/2013 | \$ 887,076 | \$ 765,366 | 86.28% | \$ 1,763,311 |
| 6/30/2014 | 948,138 | 767,730 | 80.97% | 1,943,719 |
| 6/30/2015 | 1,579,397 | 771,662 | 48.86% | 2,751,454 |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 9 – Postemployment Health Care Benefits (Continued)

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The Actuarial Accrued Liability for benefits was \$18,020,955, and the actuarial value of assets was \$0, resulting in an UAAL of \$18,020,955. The covered payroll (annual payroll of active employees covered by the plan) was \$23,414,000 and the ratio of UAAL to the covered payroll was 76.97%.

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 employer 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, presented as Required Supplementary Information following the Notes to the Basic Financial Statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 the 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 the effects of 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, 2015 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.75% investment rate of return and an annual healthcare cost trend rate of between 5% to 6.5%. The actuarial assumption for inflation was 2.75%, and the aggregate payroll increases was 2.75% used in the actuarial valuation. The initial UAAL was amortized over an initial 30 years using the level-percentage-of-pay method. The actuary has applied a fresh start period of 25 years at June 30, 2015.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 10 – Classification of Fund Balances

At June 30, 2015, fund balances are classified as follows:

| | General | Capital Outlay | Nonmajor Governmental Funds | Total |
|----------------------------|----------------------|---------------------------|--|----------------------|
| Nonspendable: | | | | |
| Prepaid items and deposits | \$ 41,868 | \$ - | \$ - | \$ 41,868 |
| Inventories | 726,549 | - | - | 726,549 |
| Total nonspendable | 768,417 | - | - | 768,417 |
| Restricted: | | | | |
| Debt service | - | - | 889,854 | 889,854 |
| Law enforcement | - | - | 1,340,410 | 1,340,410 |
| Transportation / streets | - | - | 9,312,873 | 9,312,873 |
| Parks and recreation | - | - | 6,151,955 | 6,151,955 |
| Solid waste | - | - | 1,218,819 | 1,218,819 |
| Clean air | - | - | 149,090 | 149,090 |
| Street lighting | - | - | 92,144 | 92,144 |
| Parking | - | - | 4,698 | 4,698 |
| Library | - | - | 31,721 | 31,721 |
| Cable access | - | - | 525,376 | 525,376 |
| Recycling | - | - | 62,915 | 62,915 |
| Total restricted | - | - | 19,779,855 | 19,779,855 |
| Assigned: | | | | |
| Capital improvements | - | 4,894,097 | - | 4,894,097 |
| Equipment replacement | 7,174,901 | - | - | 7,174,901 |
| Self-insurance | 3,233,289 | - | - | 3,233,289 |
| Emergency reserves | 10,256,127 | - | - | 10,256,127 |
| PERS fund reserves | 2,703,251 | - | - | 2,703,251 |
| Medical/dental fund | 343,294 | - | - | 343,294 |
| Total assigned | 23,710,862 | 4,894,097 | - | 28,604,959 |
| Unassigned | 12,358,782 | - | (1,224) | 12,357,558 |
| Total | \$ 36,838,061 | \$ 4,894,097 | \$ 19,778,631 | \$ 61,510,789 |

As of June 30, 2015, deficit fund balances/net position were recorded in the following funds:

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 10 – Classification of Fund Balances (Continued)

At June 30, 2015, outstanding encumbrances by major fund are as follows:

| <u>Funds</u> | <u>Amount</u> |
|--------------------------------------|----------------------------|
| General Fund | \$ 1,414,757 |
| Capital Outlay Capital Projects Fund | 2,151,388 |
| Nonmajor governmental funds | <u>730,373</u> |
| Total | <u>\$ 4,296,518</u> |

Note 11 – Prior Period Adjustments

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, during fiscal year 2015. The City also restated grant receipts previously report as agency fund. The cumulative effect of applying GASB Nos. 68 and 71 and restated the grant receipts has resulted in a decrease to the net position/fund balance at July 1, 2014 as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Governmental Funds</u> | <u>Enterprise Funds</u> |
|--|------------------------------------|-------------------------------------|-------------------------------|-----------------------------|
| Net Position/Fund Balance at July 1, 2014 | \$ 92,167,401 | \$ 86,341,104 | \$ 53,425,778 | \$ 86,341,104 |
| Restated grant receipts previously report as agency fund | 488,420 | - | 488,420 | - |
| Sales tax receivable | 310,877 | - | - | - |
| Net pension liabilities | (111,988,937) | (7,793,149) | - | (7,793,149) |
| Deferred outflow of resources - City's contribution subsequent to the measurement date | <u>7,211,830</u> | <u>515,415</u> | <u>-</u> | <u>515,415</u> |
| Net Position/Fund Balance (Deficit) at July 1, 2014, as Restated | <u>\$ (11,810,409)</u> | <u>\$ 79,063,370</u> | <u>\$ 53,914,198</u> | <u>\$ 79,063,370</u> |

Note 12 – Deficit Fund Balances/Net Position

As of June 30, 2015, deficit fund balances/net position were recorded in the following funds:

| | |
|---|------------|
| Major Proprietary Fund: | |
| Transit System Fund | \$ 151,234 |
| Fiduciary Fund: | |
| Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund | 7,590,550 |
| Nonmajor Governmental Fund: | |
| TDA Article 3 Bikeway Fund | 1,224 |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 13 - Contingencies

A. Lawsuits

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize (See Note 7).

B. Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs were audited in accordance with the provisions of the Federal Single Audit Act of 1984, as amended in 1996 and applicable State requirements. No cost disallowance is expected as a result of these audits; however, these programs are subject to further examination by the grantors. Expenditures which may be disallowed, if any, by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Note 14 – Subsequent Events

A. Future Accounting Pronouncements

GASB Statements Nos. 72-76 listed below will be implemented in future financial statements:

| | | |
|------------------|---|--|
| Statement No. 72 | "Fair Value Measurement and Application" | The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. |
| Statement No. 73 | "Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68" | The provisions of this statement are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. |
| Statement No. 74 | "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" | The provisions of this statement are effective for fiscal years beginning after June 15, 2016. |
| Statement No. 75 | "Accounting and Financial Reporting Postemployment Benefit Plans Other Than Pension Plans" | The provisions of this statement are effective for fiscal years beginning after June 15, 2016. |
| Statement No. 76 | "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" | The provisions of this statement are effective for fiscal years beginning after June 15, 2015. |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2015

Note 14 – Subsequent Events (Continued)

B. Transfer of Housing Assets to the Housing Authority of the County of Los Angeles (“Housing Authority”)

On October 28, 2014, the Housing Authority adopted a resolution to accept the transfer of the housing assets of the former Redevelopment Agency. The Successor Agency is responsible to pay \$150,000 annually to the Housing Authority for five years (until 2018). If the Successor Agency’s funding is not sufficient during the Recognized Obligations Payment Schedule (“ROPS”) period, then the costs will remain an obligation of the Successor Agency until paid in full. The properties to be transferred include Heritage Park, Campus Commons, and Lucille Street. On September 17, 2015, the City entered into “Assignment, Assumption and Quitclaim” with the Housing Authority of the County of Los Angeles.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

City of Arcadia
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2015

Budgetary Comparison Schedule, General Fund

| | Budget Amounts | | Actual | Variance with |
|--|---------------------|-----------------------|----------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Taxes | \$ 33,509,900 | \$ 33,509,900 | \$ 35,043,264 | \$ 1,533,364 |
| Licenses and permits | 6,222,500 | 6,222,500 | 6,139,175 | (83,325) |
| Fines and forfeitures | 622,500 | 622,500 | 614,075 | (8,425) |
| Use of money and property | 1,364,900 | 1,364,900 | 1,437,872 | 72,972 |
| Intergovernmental | 5,571,500 | 5,571,500 | 6,456,485 | 884,985 |
| Charges for services | 3,841,100 | 3,841,100 | 3,959,435 | 118,335 |
| Other revenues | 3,041,400 | 3,041,400 | 3,642,682 | 601,282 |
| Total revenues | 54,173,800 | 54,173,800 | 57,292,988 | 3,119,188 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government: | | | | |
| City Council | 278,400 | 278,400 | 251,444 | 26,956 |
| City Manager | 744,200 | 757,200 | 714,206 | 42,994 |
| City Clerk | 300,700 | 300,700 | 252,547 | 48,153 |
| City Attorney | 462,700 | 462,700 | 439,332 | 23,368 |
| General City | 1,346,200 | 1,366,712 | 1,246,193 | 120,519 |
| Administrative Services | 4,194,400 | 4,313,952 | 3,017,484 | 1,296,468 |
| Public safety: | | | | |
| Police | 19,115,200 | 19,318,955 | 18,493,393 | 825,562 |
| Fire | 13,710,500 | 13,747,253 | 13,017,580 | 729,673 |
| Public works services | 3,786,300 | 4,029,255 | 3,660,597 | 368,658 |
| Community development | 4,475,600 | 4,627,258 | 4,345,036 | 282,222 |
| Library | 3,392,400 | 3,428,881 | 3,308,504 | 120,377 |
| Recreation and community services | 2,994,800 | 3,007,300 | 2,728,415 | 278,885 |
| Total expenditures | 54,801,400 | 55,638,566 | 51,474,731 | 4,163,835 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (627,600) | (1,464,766) | 5,818,257 | 7,283,023 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 1,485,200 | 1,485,200 | 1,515,400 | 30,200 |
| Transfers out | (1,603,400) | (1,603,400) | (1,607,058) | (3,658) |
| Total other financing sources (uses) | (118,200) | (118,200) | (91,658) | 26,542 |
| Net changes in fund balance | \$ (745,800) | \$ (1,582,966) | 5,726,599 | \$ 7,309,565 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 31,111,462 | |
| End of fiscal year | | | <u>\$ 36,838,061</u> | |

See accompanying Notes to the Basic Financial Statements.

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2015

A. General Budget Policies

All governmental funds have legally adopted budgets except Public, Education, and Government (PEG) Access Television Fund, Used Oil Grant Fund, DOC Beverage Grant Fund, and STPL & ITS Fund. Budgets are developed in accordance with U.S. GAAP. The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period are also approved by the Council. Several supplemental appropriations were made during the year. Intrafund budget changes are approved by the City Manager. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level. At fiscal year-end, all unencumbered operating budget appropriations lapse with the exception of continuing appropriations.

B. Continuing Appropriations

At fiscal year-end, all unencumbered appropriations lapse, however, certain unexpended capital funds are carried over into the next fiscal year's budget.

C. Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, special revenue, and similar governmental funds. Encumbrances outstanding at year-end represent the estimated amount of the expenditure ultimately to result if unperformed contracts in-process at year-end are completed. They do not constitute expenditures or estimated liabilities.

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2015

Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Fiscal Years*

Schedule of Changes in the Net Pension Liability and Related Ratios

| | Miscellaneous Plan | Public Safety |
|--|---------------------------|-----------------------|
| | 2015 | 2015 |
| Measurement Period | 2013-14 ¹ | 2013-14 ¹ |
| Total Pension Liability | | |
| Service Cost | \$ 2,248,238 | \$ 3,861,700 |
| Interest on the Total Pension Liability | 9,195,374 | 15,027,164 |
| Benefit Payments, including Refunds of Employee Contributions | (6,119,226) | (9,976,294) |
| Net Change in Total Pension Liability | 5,324,386 | 8,912,570 |
| Total Pension Liability - Beginning | 124,540,482 | 203,419,480 |
| Total Pension Liability - Ending (a) | <u>\$ 129,864,868</u> | <u>\$ 212,332,050</u> |
| Plan Fiduciary Net Position | | |
| Contribution from the Employer | \$ 2,723,852 | \$ 5,003,393 |
| Contribution from the Employees | 1,050,853 | 1,500,951 |
| Net investment income ² | 14,566,912 | 22,017,842 |
| Benefit Payments | (6,119,226) | (9,976,294) |
| Net Change in Plan Fiduciary Net Position | 12,222,391 | 18,545,892 |
| Plan Fiduciary Net Position - Beginning | 83,355,481 | 124,822,395 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 95,577,872</u> | <u>\$ 143,368,287</u> |
| Net Pension Liability - Ending (a)-(b) | <u>\$ 34,286,996</u> | <u>\$ 68,963,763</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 73.60% | 67.52% |
| Covered - Employee Payroll | \$ 12,766,824 | \$ 14,011,974 |
| Net Pension Liability as Percentage of Covered-Employee Payroll | 268.56% | 492.18% |

¹ Historical information is required only for measurement periods for which GASB 68 is applicable

² Net of administrative expenses.

Note to Schedule:

Benefit Changes: The figures above do not include any liability impact may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: There were no changes in assumptions.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2015

Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Fiscal Years*

Schedule of Contributions¹

| | Miscellaneous Plan |
|---|---------------------------|
| | Fiscal Year 2013-14 |
| Actuarially Determined Contribution ² | \$ 2,723,852 |
| Contributions in Relation to the Actuarially Determined Contribution ² | (2,723,852) |
| Contribution Deficiency (Excess) | <u>\$ -</u> |
| Covered-Employee Payroll ^{3,4} | \$ 12,766,824 |
| Contributions as a Percentage of Covered-Employee Payroll ³ | 21.34% |

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year \$12,394,975 was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

| | |
|----------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method/Period | For detail, see June 30, 2011 Funding Valuation Report |
| Assets Valuation Method | Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report. |
| Inflation | 2.75% |
| Salary Increases | Varies by Entry Age and Service |
| Payroll Growth | 3.00% |
| Investment Rate of Return | 7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation. |
| Retirement Age | The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. |
| Mortality | The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. |

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2015

Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Fiscal Years*

Schedule of Contributions¹

| | Public Safety Plan |
|---|---------------------------|
| | Fiscal Year 2013-14 |
| Actuarially Determined Contribution ² | \$ 5,003,393 |
| Contributions in Relation to the Actuarially Determined Contribution ² | (5,003,393) |
| Contribution Deficiency (Excess) | <u>\$ -</u> |
| Covered-Employee Payroll ^{3,4} | \$ 14,011,974 |
| Contributions as a Percentage of Covered-Employee Payroll ³ | 35.71% |

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year \$13,603,858 was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

| | |
|----------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method/Period | For detail, see June 30, 2011 Funding Valuation Report |
| Assets Valuation Method | Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report. |
| Inflation | 2.75% |
| Salary Increases | Varies by Entry Age and Service |
| Payroll Growth | 3.00% |
| Investment Rate of Return | 7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation. |
| Retirement Age | The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. |
| Mortality | The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. |

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2015

Schedule of Funding Progress – Postemployment Health Care Benefits

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Entry Age Actuarial Accrued Liability (B) | Unfunded Actuarial Accrued Liability (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a % of Payroll (B-A) / C |
|--------------------------------|-------------------------------------|---|--|--------------------------|---------------------------|--|
| 6/30/2009 | \$ - | \$ 9,217,688 | \$ 9,217,688 | 0.0% | \$ 24,371,421 | 37.82% |
| 7/1/2011 | - | 10,220,703 | 10,220,703 | 0.0% | 27,604,850 | 37.03% |
| 7/1/2013 | - | 14,560,376 | 14,560,376 | 0.0% | 26,120,719 | 55.74% |
| 6/30/2015 | - | 18,020,955 | 18,020,955 | 0.0% | 23,414,000 | 76.97% |

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SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Narcotics Seizure Fund - established to account for revenues and expenditures related to law enforcement activities.

Citizens' Option for Public Safety Supplemental Law Enforcement Services Fund (COPS SLESF) - established to account for funds distributed in support of the Citizens Option for Public Safety (COPS) Program. Funds must be used for front line police services.

Parks and Recreation Fund - established to account for the development of new park sites and playground facilities. Financing is provided by state and federal reimbursement programs in conjunction with fees charged to residential and commercial developers.

Traffic Safety Fund - established to account for fines received on Vehicle Code violations which can be used only for traffic safety expenditures.

Solid Waste Fund - established to account for revenues and expenditures to administer the requirements established by the California Integrated Waste Management Act (AB 939).

Air Quality Management District Fund (AQMD) - established for the administration, studies and implementation of air quality measures.

Community Development Block Grant Fund (CDBG) - established to account for financing the rehabilitation of privately held homes and government infrastructure. Financing is provided by the Federal Housing and Community Development Act.

Proposition A Transit Fund - established to account for the receipts of the City's share of the 1/2 cent sales tax levied in Los Angeles County for local transit uses.

Transportation Impact Fund - established to account for the revenues generated by the Transportation Impact Fee Program and expenditures paid for the intersection improvements identified in the City's Transportation Master Plan. The Transportation Impact Fee Program, which is consistent with state law, establishes a contribution from new development based on the number of P.M. peak-hour vehicle trips added to the City's arterial network.

State and County Gas Tax Fund - established to account for the construction and maintenance of the road network system of the City. Financing is provided by the City's share of state gasoline taxes and funds made available by Los Angeles County. State and County laws require that these gasoline taxes be used to maintain streets.

Measure R Fund - established to account for monies received from Measure R allocation, which can be used to major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeway; pedestrian improvements; streetscapes; signal synchronizations; and transit operations.

Lighting Maintenance Fund - established to account for the maintenance of street lighting systems installed at the request of local residents. Original financing is provided through assessments to the benefiting property owners.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (Continued)

Parking District Fund - established to account for the operations of special parking districts which operate and maintain various surface parking lots in the downtown area.

Prop C Local Return Fund - established to account for financial activities for the City's share of Proposition C monies; designated for transportation related activities.

IRS Task Force Fund - established to account for financial activities related to the Department of Treasury Internal Revenue Service Los Angeles Suspicious Activity Reports and Money Services Businesses Task Force.

TDA Article 3 Bikeway Fund - established to account for Transportation Development Act funds for facility use by pedestrians and bicycles.

Santa Anita Grade Separation Fund - established to account for financial activities for the Gold Line Foothill Extension. City management has decided to fund a Gold Line grade separation at Santa Anita Avenue.

Homeland Security Fund - established to account for grants received through the Office of Homeland Security to purchase specialized equipment that would enhance the capabilities of local agencies to respond to incidents of terrorism involving the use of weapons of mass destruction.

Library State Grant Fund - established to account for the monies allocated by the State legislature for augmenting public library funds and for circulation based reimbursements which allows for universal borrowing privileges for the citizens of California.

Public, Education, and Government (PEG) access Television Fund - established to account for the fees received from the cable operators for administration and improvement to any public, educational, and government access television.

Used Oil Grant Fund - established to account for the funding received from the used oil payment program administered by the Department of Resources Recycling and Recovery to provide for used oil and used oil filter collection and recycling and for public education.

DOC Beverage Grant Fund - established to account for funding received from CalRecycle for beverage container recycling and litter cleanup activities.

STPL & ITS Special Revenue Fund – established to account for capital projects utilizing Surface Transportation Program Local and Intelligent Transportation Systems grants.

DEBT SERVICE FUND

General Obligation Bonds Debt Service Fund - established to accumulate monies for payment of principal and interest on General Obligation Bonds. Debt service is financed through voter approved indebtedness assessed against property owners.

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

| | Special Revenue | | | | |
|--|----------------------|-------------------|----------------------------|-------------------|---------------------|
| | Narcotics Seizure | COPS SLESF | Parks and Recreation | Traffic Safety | Solid Waste |
| ASSETS | | | | | |
| Cash and investments | \$ 601,408 | \$ 282,414 | \$ 6,158,754 | \$ - | \$ 1,103,408 |
| Accounts receivable | - | - | - | - | 10,059 |
| Interest receivable | - | 583 | 12,763 | - | 2,368 |
| Due from other governments | 5,143 | - | - | 15,355 | 105,034 |
| Total assets | \$ 606,551 | \$ 282,997 | \$ 6,171,517 | \$ 15,355 | \$ 1,220,869 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 613 | \$ 4,906 | \$ 19,562 | \$ 1,957 | \$ 309 |
| Accrued salaries payable | - | 890 | - | - | 1,741 |
| Due to other funds | - | - | - | 13,398 | - |
| Retention payable | - | - | - | - | - |
| Total liabilities | 613 | 5,796 | 19,562 | 15,355 | 2,050 |
| Fund Balances: | | | | | |
| Restricted | 605,938 | 277,201 | 6,151,955 | - | 1,218,819 |
| Unassigned | - | - | - | - | - |
| Total fund balances (deficit) | 605,938 | 277,201 | 6,151,955 | - | 1,218,819 |
| Total liabilities and fund balances | \$ 606,551 | \$ 282,997 | \$ 6,171,517 | \$ 15,355 | \$ 1,220,869 |

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2015

| | Special Revenue | | | | |
|--|-------------------|------------------|-------------------|--------------------------|-----------------------------|
| | AQMD | CDBG | Prop A Transit | Transportation Impact | State and County Gas Tax |
| ASSETS | | | | | |
| Cash and investments | \$ 130,143 | \$ - | \$ 919,210 | \$ 1,419,090 | \$ 1,083,451 |
| Accounts receivable | - | - | - | - | - |
| Interest receivable | 270 | - | 2,131 | 2,959 | - |
| Due from other governments | 18,720 | 66,869 | - | 294,103 | - |
| Total assets | \$ 149,133 | \$ 66,869 | \$ 921,341 | \$ 1,716,152 | \$ 1,083,451 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 43 | \$ 5,518 | \$ - | \$ 16,206 | \$ - |
| Accrued salaries payable | - | 312 | 1,215 | - | - |
| Due to other funds | - | 61,039 | - | - | - |
| Retention payable | - | - | - | 27,412 | - |
| Total liabilities | 43 | 66,869 | 1,215 | 43,618 | - |
| Fund Balances: | | | | | |
| Restricted | 149,090 | - | 920,126 | 1,672,534 | 1,083,451 |
| Unassigned | - | - | - | - | - |
| Total fund balances (deficit) | 149,090 | - | 920,126 | 1,672,534 | 1,083,451 |
| Total liabilities and fund balances | \$ 149,133 | \$ 66,869 | \$ 921,341 | \$ 1,716,152 | \$ 1,083,451 |

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2015

| | Special Revenue | | | | |
|--|---------------------|-------------------------|---------------------|---------------------|-------------------|
| | Measure R | Lighting Maintenance | Parking District | Prop C | IRS Task Force |
| ASSETS | | | | | |
| Cash and investments | \$ 1,524,379 | \$ 170,672 | \$ 6,306 | \$ 1,314,224 | \$ 457,271 |
| Accounts receivable | - | - | - | - | - |
| Interest receivable | 3,311 | 421 | - | 2,750 | - |
| Due from other governments | - | 4,748 | - | 454,138 | - |
| Total assets | \$ 1,527,690 | \$ 175,841 | \$ 6,306 | \$ 1,771,112 | \$ 457,271 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 81,623 | \$ 1,608 | \$ 45,343 | \$ - |
| Accrued salaries payable | 382 | 2,074 | - | 658 | - |
| Due to other funds | - | - | - | - | - |
| Retention payable | - | - | - | - | - |
| Total liabilities | 382 | 83,697 | 1,608 | 46,001 | - |
| Fund Balances: | | | | | |
| Restricted | 1,527,308 | 92,144 | 4,698 | 1,725,111 | 457,271 |
| Unassigned | - | - | - | - | - |
| Total fund balances (deficit) | 1,527,308 | 92,144 | 4,698 | 1,725,111 | 457,271 |
| Total liabilities and fund balances | \$ 1,527,690 | \$ 175,841 | \$ 6,306 | \$ 1,771,112 | \$ 457,271 |

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2015

| | Special Revenue | | | | |
|--|--------------------------|------------------------------------|----------------------|---------------------------|--------------------------|
| | TDA Article 3 Bikeway | Santa Anita Grade Separation | Homeland Security | Library State Grant | PEG Access Television |
| ASSETS | | | | | |
| Cash and investments | \$ - | \$ 2,499,338 | \$ - | \$ 31,655 | \$ 525,376 |
| Accounts receivable | - | - | - | - | - |
| Interest receivable | - | 5,187 | - | 66 | - |
| Due from other governments | 26,740 | - | - | - | - |
| Total assets | \$ 26,740 | \$ 2,504,525 | \$ - | \$ 31,721 | \$ 525,376 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 120,182 | \$ - | \$ - | \$ - |
| Accrued salaries payable | - | - | - | - | - |
| Due to other funds | 27,964 | - | - | - | - |
| Retention payable | - | - | - | - | - |
| Total liabilities | 27,964 | 120,182 | - | - | - |
| Fund Balances: | | | | | |
| Restricted | - | 2,384,343 | - | 31,721 | 525,376 |
| Unassigned | (1,224) | - | - | - | - |
| Total fund balances (deficit) | (1,224) | 2,384,343 | - | 31,721 | 525,376 |
| Total liabilities and fund balances | \$ 26,740 | \$ 2,504,525 | \$ - | \$ 31,721 | \$ 525,376 |

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2015

| | Special Revenue | | | Debt Service | Total |
|--|------------------|------------------|------------------|-------------------|----------------------|
| | Used Oil | DOC Beverage | | General | Nonmajor |
| | Grant | Grant | STPL & ITS | Obligation | Governmental |
| | | | | Bonds | Funds |
| ASSETS | | | | | |
| Cash and investments | \$ 30,078 | \$ 32,837 | \$ - | \$ 889,466 | \$ 19,179,480 |
| Accounts receivable | - | - | - | - | 10,059 |
| Interest receivable | - | - | - | 1,843 | 34,652 |
| Due from other governments | - | - | 83,194 | (1,455) | 1,072,589 |
| Total assets | \$ 30,078 | \$ 32,837 | \$ 83,194 | \$ 889,854 | \$ 20,296,780 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 297,870 |
| Accrued salaries payable | - | - | - | - | 7,272 |
| Due to other funds | - | - | 83,194 | - | 185,595 |
| Retention payable | - | - | - | - | 27,412 |
| Total liabilities | - | - | 83,194 | - | 518,149 |
| Fund Balances: | | | | | |
| Restricted | 30,078 | 32,837 | - | 889,854 | 19,779,855 |
| Unassigned | - | - | - | - | (1,224) |
| Total fund balances (deficit) | 30,078 | 32,837 | - | 889,854 | 19,778,631 |
| Total liabilities and fund balances | \$ 30,078 | \$ 32,837 | \$ 83,194 | \$ 889,854 | \$ 20,296,780 |

(Concluded)

City of Arcadia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

| | Special Revenue | | | | |
|--|----------------------|-------------------|----------------------------|-------------------|---------------------|
| | Narcotics Seizure | COPS SLESF | Parks and Recreation | Traffic Safety | Solid Waste |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 427,769 |
| Licenses and permits | - | - | - | - | - |
| Fines and forfeitures | - | - | - | 321,554 | - |
| Use of money and property | 947 | 2,793 | 44,305 | - | 9,498 |
| Intergovernmental | - | - | - | - | - |
| Charges for services | - | - | 1,996,015 | - | 107,417 |
| Other revenues | 59,768 | 106,230 | - | - | 700 |
| Total revenues | 60,715 | 109,023 | 2,040,320 | 321,554 | 545,384 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| General city | - | - | - | - | - |
| Public safety: | | | | | |
| Police | 56,860 | 120,409 | - | - | - |
| Fire | - | - | - | - | - |
| Public works services | - | - | - | - | 331,508 |
| Community development | - | - | - | - | - |
| Library | - | - | - | - | - |
| Recreation and community services | - | - | 35,819 | - | - |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 56,860 | 120,409 | 35,819 | - | 331,508 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 3,855 | (11,386) | 2,004,501 | 321,554 | 213,876 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | (321,554) | (107,417) |
| Total other financing sources (uses) | - | - | - | (321,554) | (107,417) |
| Net changes in fund balances | 3,855 | (11,386) | 2,004,501 | - | 106,459 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of fiscal year | 602,083 | 288,587 | 4,147,454 | - | 1,112,360 |
| Prior period adjustments | - | - | - | - | - |
| Beginning of fiscal year, restated | 602,083 | 288,587 | 4,147,454 | - | 1,112,360 |
| End of fiscal year | <u>\$ 605,938</u> | <u>\$ 277,201</u> | <u>\$ 6,151,955</u> | <u>\$ -</u> | <u>\$ 1,218,819</u> |

City of Arcadia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2015

| | Special Revenue | | | | |
|--|-------------------|----------------|-------------------|--------------------------|-----------------------------|
| | AQMD | CDBG | Prop A Transit | Transportation Impact | State and County Gas Tax |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | 372,853 | - |
| Fines and forfeitures | - | - | - | - | - |
| Use of money and property | 1,276 | - | 6,218 | 18,975 | 8,480 |
| Intergovernmental | 71,341 | 299,385 | 1,005,691 | 294,103 | 1,438,418 |
| Charges for services | - | 23,888 | - | - | - |
| Other revenues | - | - | - | - | - |
| Total revenues | 72,617 | 323,273 | 1,011,909 | 685,931 | 1,446,898 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| General city | - | - | - | - | - |
| Public safety: | | | | | |
| Police | - | - | - | - | - |
| Fire | - | - | - | - | - |
| Public works services | 32,433 | - | 110,727 | - | 304,239 |
| Community development | 47,073 | 253,754 | 154,308 | 920,723 | 13,148 |
| Library | - | - | - | - | - |
| Recreation and community services | - | 69,519 | 13,747 | - | - |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 79,506 | 323,273 | 278,782 | 920,723 | 317,387 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (6,889) | - | 733,127 | (234,792) | 1,129,511 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | (467,191) | - | (1,086,429) |
| Total other financing sources (uses) | - | - | (467,191) | - | (1,086,429) |
| Net changes in fund balances | (6,889) | - | 265,936 | (234,792) | 43,082 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of fiscal year | 155,979 | - | 654,190 | 1,907,326 | 1,040,369 |
| Prior period adjustments | - | - | - | - | - |
| Beginning of fiscal year, restated | 155,979 | - | 654,190 | 1,907,326 | 1,040,369 |
| End of fiscal year | <u>\$ 149,090</u> | <u>\$ -</u> | <u>\$ 920,126</u> | <u>\$ 1,672,534</u> | <u>\$ 1,083,451</u> |

(Continued)

City of Arcadia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2015

| | Special Revenue | | | | |
|--|---------------------|-------------------------|---------------------|---------------------|-------------------|
| | Measure R | Lighting Maintenance | Parking District | Prop C | IRS Task Force |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ 461,717 | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - |
| Use of money and property | 11,891 | 839 | 181 | 11,173 | 502 |
| Intergovernmental | 625,788 | - | - | 1,287,144 | - |
| Charges for services | - | - | - | - | - |
| Other revenues | - | - | - | - | 202,581 |
| Total revenues | 637,679 | 462,556 | 181 | 1,298,317 | 203,083 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| General city | - | - | - | - | - |
| Public safety: | | | | | |
| Police | - | - | - | - | 7,480 |
| Fire | - | - | - | - | - |
| Public works services | - | 1,146,603 | 16,128 | - | - |
| Community development | 57,348 | - | - | 784,096 | - |
| Library | - | - | - | - | - |
| Recreation and community services | - | - | - | - | - |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 57,348 | 1,146,603 | 16,128 | 784,096 | 7,480 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 580,331 | (684,047) | (15,947) | 514,221 | 195,603 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | 687,962 | - | - | - |
| Transfers out | (311,464) | - | - | - | - |
| Total other financing sources (uses) | (311,464) | 687,962 | - | - | - |
| Net changes in fund balances | 268,867 | 3,915 | (15,947) | 514,221 | 195,603 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of fiscal year | 1,258,441 | 88,229 | 20,645 | 1,210,890 | 261,668 |
| Prior period adjustments | - | - | - | - | - |
| Beginning of fiscal year, restated | 1,258,441 | 88,229 | 20,645 | 1,210,890 | 261,668 |
| End of fiscal year | <u>\$ 1,527,308</u> | <u>\$ 92,144</u> | <u>\$ 4,698</u> | <u>\$ 1,725,111</u> | <u>\$ 457,271</u> |

(Continued)

City of Arcadia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2015

| | Special Revenue | | | | |
|--|--------------------------|------------------------------------|----------------------|---------------------------|--------------------------|
| | TDA Article 3 Bikeway | Santa Anita Grade Separation | Homeland Security | Library State Grant | PEG Access Television |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 94,248 |
| Licenses and permits | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - |
| Use of money and property | - | 16,191 | - | 525 | - |
| Intergovernmental | 26,740 | - | 7,141 | - | - |
| Charges for services | - | - | - | - | - |
| Other revenues | - | - | - | - | - |
| Total revenues | 26,740 | 16,191 | 7,141 | 525 | 94,248 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| General city | - | - | - | - | 17,720 |
| Public safety: | | | | | |
| Police | - | - | - | - | - |
| Fire | - | - | 7,141 | - | - |
| Public works services | - | - | - | - | - |
| Community development | 27,964 | 152,880 | - | - | - |
| Library | - | - | - | 21,000 | - |
| Recreation and community services | - | - | - | - | - |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 27,964 | 152,880 | 7,141 | 21,000 | 17,720 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,224) | (136,689) | - | (20,475) | 76,528 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | 756,584 | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | - | 756,584 | - | - | - |
| Net changes in fund balances | (1,224) | 619,895 | - | (20,475) | 76,528 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of fiscal year | - | 1,764,448 | - | 52,196 | - |
| Prior period adjustments | - | - | - | - | 448,848 |
| Beginning of fiscal year, restated | - | 1,764,448 | - | 52,196 | 448,848 |
| End of fiscal year | \$ (1,224) | \$ 2,384,343 | \$ - | \$ 31,721 | \$ 525,376 |

(Continued)

City of Arcadia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2015

| | Special Revenue | | | Debt Service | Total |
|--|-----------------|---------------|-----------------|------------------|-------------------|
| | Used Oil | DOC Beverage | | General | Nonmajor |
| | Grant | Grant | STPL & ITS | Obligation | Governmental |
| | | | | Bonds | Funds |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 1,110,706 | \$ 2,094,440 |
| Licenses and permits | - | - | - | - | 372,853 |
| Fines and forfeitures | - | - | - | - | 321,554 |
| Use of money and property | - | - | - | 2,435 | 136,229 |
| Intergovernmental | 16,057 | 15,126 | (35,038) | - | 5,051,896 |
| Charges for services | - | - | - | - | 2,127,320 |
| Other revenues | - | - | - | - | 369,279 |
| Total revenues | 16,057 | 15,126 | (35,038) | 1,113,141 | 10,473,571 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| General city | - | - | - | - | 17,720 |
| Public safety: | | | | | |
| Police | - | - | - | - | 184,749 |
| Fire | - | - | - | - | 7,141 |
| Public works services | 7,840 | - | - | - | 1,949,478 |
| Community development | - | - | - | - | 2,411,294 |
| Library | - | - | - | - | 21,000 |
| Recreation and community services | - | - | - | - | 119,085 |
| Debt service: | | | | | |
| Principal retirement | - | - | - | 525,000 | 525,000 |
| Interest and fiscal charges | - | - | - | 484,854 | 484,854 |
| Total expenditures | 7,840 | - | - | 1,009,854 | 5,720,321 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 8,217 | 15,126 | (35,038) | 103,287 | 4,753,250 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | 35,038 | - | 1,479,584 |
| Transfers out | - | - | - | - | (2,294,055) |
| Total other financing sources (uses) | - | - | 35,038 | - | (814,471) |
| Net changes in fund balances | 8,217 | 15,126 | - | 103,287 | 3,938,779 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of fiscal year | - | - | - | 786,567 | 15,351,432 |
| Prior period adjustments | 21,861 | 17,711 | - | - | 488,420 |
| Beginning of fiscal year, restated | 21,861 | 17,711 | - | 786,567 | 15,839,852 |
| End of fiscal year | \$ 30,078 | \$ 32,837 | \$ - | \$ 889,854 | \$ 19,778,631 |

(Concluded)

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Narcotics Seizure Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|--------------------|---------------------|-------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 3,000 | \$ 3,000 | \$ 947 | \$ (2,053) |
| Other revenues | 15,000 | 15,000 | 59,768 | 44,768 |
| Total revenues | 18,000 | 18,000 | 60,715 | 42,715 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Police | 51,000 | 122,431 | 56,860 | 65,571 |
| Total expenditures | 51,000 | 122,431 | 56,860 | 65,571 |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | (33,000) | (104,431) | 3,855 | 108,286 |
| Net change in fund balance | \$ (33,000) | \$ (104,431) | 3,855 | \$ 108,286 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 602,083 | |
| End of fiscal year | | | <u>\$ 605,938</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
COPS SLESF Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|---------------------------|---------------------------|--------------------------|-------------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 1,300 | \$ 1,300 | \$ 2,793 | \$ 1,493 |
| Other revenues | 100,000 | 100,000 | 106,230 | 6,230 |
| Total revenues | <u>101,300</u> | <u>101,300</u> | <u>109,023</u> | <u>7,723</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Police | 134,400 | 134,400 | 120,409 | 13,991 |
| Total expenditures | <u>134,400</u> | <u>134,400</u> | <u>120,409</u> | <u>13,991</u> |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(33,100)</u> | <u>(33,100)</u> | <u>(11,386)</u> | <u>21,714</u> |
| Net change in fund balance | <u><u>\$ (33,100)</u></u> | <u><u>\$ (33,100)</u></u> | <u>(11,386)</u> | <u><u>\$ 21,714</u></u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | <u>288,587</u> | |
| End of fiscal year | | | <u><u>\$ 277,201</u></u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Parks and Recreation Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|---------------------|---------------------|---------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 19,300 | \$ 19,300 | \$ 44,305 | \$ 25,005 |
| Charges for services | 2,000,000 | 2,000,000 | 1,996,015 | (3,985) |
| Total revenues | 2,019,300 | 2,019,300 | 2,040,320 | 21,020 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Recreation and community services | 5,100 | 154,750 | 35,819 | 118,931 |
| Total expenditures | 5,100 | 154,750 | 35,819 | 118,931 |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | 2,014,200 | 1,864,550 | 2,004,501 | 139,951 |
| Net change in fund balance | <u>\$ 2,014,200</u> | <u>\$ 1,864,550</u> | 2,004,501 | <u>\$ 139,951</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 4,147,454 | |
| End of fiscal year | | | <u>\$ 6,151,955</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Traffic Safety Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|------------------|------------------|------------------|-----------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Fines and forfeitures | \$ 270,000 | \$ 270,000 | \$ 321,554 | \$ 51,554 |
| Total revenues | <u>270,000</u> | <u>270,000</u> | <u>321,554</u> | <u>51,554</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (270,000) | (270,000) | (321,554) | (51,554) |
| Total other financing sources (uses) | <u>(270,000)</u> | <u>(270,000)</u> | <u>(321,554)</u> | <u>(51,554)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | - | |
| End of fiscal year | | | <u>\$ -</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Solid Waste Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|------------------|------------------|---------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Taxes | \$ 380,200 | \$ 380,200 | \$ 427,769 | \$ 47,569 |
| Use of money and property | 5,500 | 5,500 | 9,498 | 3,998 |
| Charges for services | 105,600 | 105,600 | 107,417 | 1,817 |
| Other revenues | - | - | 700 | 700 |
| Total revenues | 491,300 | 491,300 | 545,384 | 54,084 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works services | 383,500 | 383,500 | 331,508 | 51,992 |
| Total expenditures | 383,500 | 383,500 | 331,508 | 51,992 |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | 107,800 | 107,800 | 213,876 | 106,076 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (105,600) | (105,600) | (107,417) | (1,817) |
| Total other financing sources (uses) | (105,600) | (105,600) | (107,417) | (1,817) |
| Net change in fund balance | \$ 2,200 | \$ 2,200 | 106,459 | \$ 104,259 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 1,112,360 | |
| End of fiscal year | | | <u>\$ 1,218,819</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
AQMD Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|--------------------|---------------------|-------------------|------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 400 | \$ 400 | \$ 1,276 | \$ 876 |
| Intergovernmental | 68,000 | 68,000 | 71,341 | 3,341 |
| Total revenues | 68,400 | 68,400 | 72,617 | 4,217 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works services | 80,000 | 141,200 | 32,433 | 108,767 |
| Community development | 30,200 | 30,200 | 47,073 | (16,873) |
| Total expenditures | 110,200 | 171,400 | 79,506 | 91,894 |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | (41,800) | (103,000) | (6,889) | 96,111 |
| Net change in fund balance | <u>\$ (41,800)</u> | <u>\$ (103,000)</u> | (6,889) | <u>\$ 96,111</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 155,979 | |
| End of fiscal year | | | <u>\$ 149,090</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
CDBG Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|-----------------------------------|----------------|----------------|----------------|------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Intergovernmental | \$ 418,700 | \$ 418,700 | \$ 299,385 | \$ (119,315) |
| Charges for services | 17,800 | 17,800 | 23,888 | 6,088 |
| Total revenues | 436,500 | 436,500 | 323,273 | (113,227) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 370,500 | 370,500 | 253,754 | 116,746 |
| Recreation and community services | 66,000 | 66,000 | 69,519 | (3,519) |
| Total expenditures | 436,500 | 436,500 | 323,273 | 113,227 |
| Net change in fund balance | \$ - | \$ - | - | \$ - |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | - | |
| End of fiscal year | | | \$ - | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Proposition A Transit Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|-------------------|-------------------|-------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 3,200 | \$ 3,200 | \$ 6,218 | \$ 3,018 |
| Intergovernmental | 995,800 | 995,800 | 1,005,691 | 9,891 |
| Total revenues | 999,000 | 999,000 | 1,011,909 | 12,909 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works services | 103,700 | 103,700 | 110,727 | (7,027) |
| Community development | 94,000 | 177,000 | 154,308 | 22,692 |
| Recreation and community services | 16,100 | 16,100 | 13,747 | 2,353 |
| Total expenditures | 213,800 | 296,800 | 278,782 | 18,018 |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | 785,200 | 702,200 | 733,127 | 30,927 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (105,600) | (572,200) | (467,191) | 105,009 |
| Total other financing sources (uses) | (105,600) | (572,200) | (467,191) | 105,009 |
| Net change in fund balance | <u>\$ 679,600</u> | <u>\$ 130,000</u> | 265,936 | <u>\$ 135,936</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 654,190 | |
| End of fiscal year | | | <u>\$ 920,126</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Transportation Impact Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|---------------------|-----------------------|---------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Licenses and permits | \$ 200,000 | \$ 200,000 | \$ 372,853 | \$ 172,853 |
| Use of money and property | 2,200 | 2,200 | 18,975 | 16,775 |
| Intergovernmental | 333,700 | 333,700 | 294,103 | (39,597) |
| Total revenues | 535,900 | 535,900 | 685,931 | 150,031 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 667,400 | 2,415,498 | 920,723 | 1,494,775 |
| Total expenditures | 667,400 | 2,415,498 | 920,723 | 1,494,775 |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | (131,500) | (1,879,598) | (234,792) | 1,644,806 |
| Net change in fund balance | \$ (131,500) | \$ (1,879,598) | (234,792) | \$ 1,644,806 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 1,907,326 | |
| End of fiscal year | | | <u>\$ 1,672,534</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
State and County Gas Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|--------------------|---------------------|---------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 1,800 | \$ 1,800 | \$ 8,480 | \$ 6,680 |
| Intergovernmental | 1,424,700 | 1,424,700 | 1,438,418 | 13,718 |
| Total revenues | 1,426,500 | 1,426,500 | 1,446,898 | 20,398 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works services | 400,000 | 699,314 | 304,239 | 395,075 |
| Community development | - | 36,408 | 13,148 | 23,260 |
| Total expenditures | 400,000 | 735,722 | 317,387 | 418,335 |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | 1,026,500 | 690,778 | 1,129,511 | 438,733 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (1,109,600) | (1,109,600) | (1,086,429) | 23,171 |
| Total other financing sources (uses) | (1,109,600) | (1,109,600) | (1,086,429) | 23,171 |
| Net change in fund balance | <u>\$ (83,100)</u> | <u>\$ (418,822)</u> | 43,082 | <u>\$ 461,904</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 1,040,369 | |
| End of fiscal year | | | <u>\$ 1,083,451</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Measure R Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|-------------------|-------------------|---------------------|------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 6,300 | \$ 6,300 | \$ 11,891 | \$ 5,591 |
| Intergovernmental | 619,500 | 619,500 | 625,788 | 6,288 |
| Total revenues | 625,800 | 625,800 | 637,679 | 11,879 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 57,700 | 57,700 | 57,348 | 352 |
| Total expenditures | 57,700 | 57,700 | 57,348 | 352 |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | 568,100 | 568,100 | 580,331 | 12,231 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (381,470) | (381,470) | (311,464) | 70,006 |
| Total other financing sources (uses) | (381,470) | (381,470) | (311,464) | 70,006 |
| Net change in fund balance | \$ 186,630 | \$ 186,630 | 268,867 | \$ 82,237 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 1,258,441 | |
| End of fiscal year | | | <u>\$ 1,527,308</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Lighting Maintenance Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|------------------|------------------|------------------|-----------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Taxes | \$ 482,300 | \$ 482,300 | \$ 461,717 | \$ (20,583) |
| Use of money and property | - | - | 839 | 839 |
| Total revenues | 482,300 | 482,300 | 462,556 | (19,744) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works services | 1,205,700 | 1,205,700 | 1,146,603 | 59,097 |
| Total expenditures | 1,205,700 | 1,205,700 | 1,146,603 | 59,097 |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | (723,400) | (723,400) | (684,047) | 39,353 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 723,400 | 723,400 | 687,962 | (35,438) |
| Total other financing sources (uses) | 723,400 | 723,400 | 687,962 | (35,438) |
| Net change in fund balance | \$ - | \$ - | 3,915 | \$ 3,915 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 88,229 | |
| End of fiscal year | | | \$ 92,144 | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Parking District Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|--------------------|--------------------|-----------------|-----------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 200 | \$ 200 | \$ 181 | \$ (19) |
| Total revenues | <u>200</u> | <u>200</u> | <u>181</u> | <u>(19)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works services | <u>15,800</u> | <u>15,800</u> | <u>16,128</u> | <u>(328)</u> |
| Total expenditures | <u>15,800</u> | <u>15,800</u> | <u>16,128</u> | <u>(328)</u> |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(15,600)</u> | <u>(15,600)</u> | <u>(15,947)</u> | <u>(347)</u> |
| Net change in fund balance | <u>\$ (15,600)</u> | <u>\$ (15,600)</u> | <u>(15,947)</u> | <u>\$ (347)</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | <u>20,645</u> | |
| End of fiscal year | | | <u>\$ 4,698</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Prop C Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|---------------------|-----------------------|---------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 4,400 | \$ 4,400 | \$ 11,173 | \$ 6,773 |
| Intergovernmental | 826,000 | 826,000 | 1,287,144 | 461,144 |
| Total revenues | 830,400 | 830,400 | 1,298,317 | 467,917 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 1,099,500 | 2,503,288 | 784,096 | 1,719,192 |
| Total expenditures | 1,099,500 | 2,503,288 | 784,096 | 1,719,192 |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | (269,100) | (1,672,888) | 514,221 | 2,187,109 |
| Net change in fund balance | <u>\$ (269,100)</u> | <u>\$ (1,672,888)</u> | 514,221 | <u>\$ 2,187,109</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 1,210,890 | |
| End of fiscal year | | | <u>\$ 1,725,111</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
IRS Task Force Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|----------------|--------|------------|---------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ - | \$ - | \$ 502 | \$ 502 |
| Other revenue | 10,000 | 10,000 | 202,581 | 192,581 |
| Total revenues | 10,000 | 10,000 | 203,083 | 193,083 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Police | 10,000 | 10,000 | 7,480 | 2,520 |
| Total expenditures | 10,000 | 10,000 | 7,480 | 2,520 |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | - | - | 195,603 | 195,603 |
| Net change in fund balance | \$ - | \$ - | 195,603 | \$ 195,603 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 261,668 | |
| End of fiscal year | | | \$ 457,271 | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
TDA Article 3 Bikeway Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|-------------------|------------------|-------------------|--------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Intergovernmental | \$ 100,000 | \$ 100,000 | \$ 26,740 | \$ (73,260) |
| Total revenues | <u>100,000</u> | <u>100,000</u> | <u>26,740</u> | <u>(73,260)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | - | 72,750 | 27,964 | 44,786 |
| Total expenditures | <u>-</u> | <u>72,750</u> | <u>27,964</u> | <u>44,786</u> |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | <u>100,000</u> | <u>27,250</u> | <u>(1,224)</u> | <u>(28,474)</u> |
| Net change in fund balance | <u>\$ 100,000</u> | <u>\$ 27,250</u> | <u>(1,224)</u> | <u>\$ (28,474)</u> |
| FUND BALANCE (DEFICIT): | | | | |
| Beginning of fiscal year | | | - | |
| End of fiscal year | | | <u>\$ (1,224)</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Santa Anita Grade Separation Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|---------------------|---------------------|---------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 6,300 | \$ 6,300 | \$ 16,191 | \$ 9,891 |
| Intergovernmental | 1,546,800 | 1,546,800 | - | (1,546,800) |
| Total revenues | <u>1,553,100</u> | <u>1,553,100</u> | <u>16,191</u> | <u>(1,536,909)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 2,379,700 | 3,149,824 | 152,880 | 2,996,944 |
| Total expenditures | <u>2,379,700</u> | <u>3,149,824</u> | <u>152,880</u> | <u>2,996,944</u> |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(826,600)</u> | <u>(1,596,724)</u> | <u>(136,689)</u> | <u>1,460,035</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 723,400 | 723,400 | 756,584 | 33,184 |
| Total other financing sources (uses) | <u>723,400</u> | <u>723,400</u> | <u>756,584</u> | <u>33,184</u> |
| Net change in fund balance | <u>\$ (103,200)</u> | <u>\$ (873,324)</u> | 619,895 | <u>\$ 1,493,219</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 1,764,448 | |
| End of fiscal year | | | <u>\$ 2,384,343</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Homeland Security Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|----------------|---------------|--------------|-----------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Intergovernmental | \$ 19,000 | \$ 19,000 | \$ 7,141 | \$ (11,859) |
| Total revenues | <u>19,000</u> | <u>19,000</u> | <u>7,141</u> | <u>(11,859)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Fire | 19,000 | 19,000 | 7,141 | 11,859 |
| Total expenditures | <u>19,000</u> | <u>19,000</u> | <u>7,141</u> | <u>11,859</u> |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | <u>-</u> | |
| End of fiscal year | | | <u>\$ -</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Library State Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|--------------------|--------------------|------------------|---------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 300 | \$ 300 | \$ 525 | \$ 225 |
| Total revenues | <u>300</u> | <u>300</u> | <u>525</u> | <u>225</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Library | <u>21,000</u> | <u>21,000</u> | <u>21,000</u> | <u>-</u> |
| Total expenditures | <u>21,000</u> | <u>21,000</u> | <u>21,000</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(20,700)</u> | <u>(20,700)</u> | <u>(20,475)</u> | <u>225</u> |
| Net change in fund balance | <u>\$ (20,700)</u> | <u>\$ (20,700)</u> | <u>(20,475)</u> | <u>\$ 225</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | <u>52,196</u> | |
| End of fiscal year | | | <u>\$ 31,721</u> | |

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
General Obligation Bonds Debt Service Fund
For the Fiscal Year Ended June 30, 2015

| | Budget Amounts | | Actual | Variance with |
|---|------------------|------------------|-------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Taxes | \$ 1,008,800 | \$ 1,008,800 | \$ 1,110,706 | \$ 101,906 |
| Use of money and property | 1,500 | 1,500 | 2,435 | 935 |
| Total revenues | <u>1,010,300</u> | <u>1,010,300</u> | <u>1,113,141</u> | <u>102,841</u> |
| EXPENDITURES: | | | | |
| Debt service: | | | | |
| Principal retirement | 525,000 | 525,000 | 525,000 | - |
| Interest and fiscal charges | 485,300 | 485,300 | 484,854 | 446 |
| Total expenditures | <u>1,010,300</u> | <u>1,010,300</u> | <u>1,009,854</u> | <u>446</u> |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>-</u> | <u>103,287</u> | <u>103,287</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>103,287</u> | <u>\$ 103,287</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | <u>786,567</u> | |
| End of fiscal year | | | <u>\$ 889,854</u> | |

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FIDUCIARY FUNDS

Agency Funds:

Agency Fund - established to account for assets held by the City as an agent for individuals, private organizations, or other governmental units, and/or other funds.

City of Arcadia
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2015

| | Agency Fund | | |
|--------------------------|---------------------|------------------------------|---------------------|
| | Balance | Net Changes | Balance |
| | July 1, 2014 | in Assets and Liabilities | June 30, 2015 |
| ASSETS | | | |
| Cash and investments | \$ 1,764,478 | \$ 543,858 | \$ 2,308,336 |
| Accounts receivable | 211 | 1,379 | 1,590 |
| Total assets | <u>\$ 1,764,689</u> | <u>\$ 545,237</u> | <u>\$ 2,309,926</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 86,521 | \$ (50,117) | \$ 36,404 |
| Deposits payable | 1,678,168 | 595,354 | 2,273,522 |
| Total liabilities | <u>\$ 1,764,689</u> | <u>\$ 545,237</u> | <u>\$ 2,309,926</u> |

STATISTICAL SECTION

(Unaudited)

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

Contents

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Financial Trends - These schedules contain information to help the reader to understand how the City's financial performance and well-being have changed over time.

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| 11 | Taxable Sales by Category | 142 |
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Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these schedules was derived from the City's comprehensive annual financial reports for the relevant year.

City of Arcadia
Net Position by Component
Last Ten Fiscal Years

| | Fiscal Year | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Governmental Activities: | | | | | |
| Net investment in capital assets | \$ 64,045,138 | \$ 66,072,851 | \$ 58,132,706 | \$ 52,517,506 | \$ 52,847,570 |
| Restricted for: | | | | | |
| Capital Projects | 17,982,425 | 14,726,205 | 15,423,348 | 14,382,092 | 14,813,455 |
| Debt Service | 683,398 | 1,357,281 | 547,517 | 556,283 | 2,391,605 |
| Specific Projects and Programs | 13,171,896 | 18,024,443 | 19,062,102 | 20,567,765 | 20,692,163 |
| Total Restricted | 31,837,719 | 34,107,929 | 35,032,967 | 35,506,140 | 37,897,223 |
| Unrestricted | 8,264,902 | 8,171,693 | 15,989,738 | 18,064,825 | 14,833,148 |
| Total governmental activities net position | <u>\$ 104,147,759</u> | <u>\$ 108,352,473</u> | <u>\$ 109,155,411</u> | <u>\$ 106,088,471</u> | <u>\$ 105,577,941</u> |
| Business-type Activities: | | | | | |
| Net investment in capital assets | \$ 49,265,967 | \$ 50,387,232 | \$ 49,863,792 | \$ 55,176,999 | \$ 55,431,533 |
| Restricted for: | | | | | |
| Specific Projects and Programs | 2,224,301 | 256,291 | - | - | - |
| Unrestricted | 26,482,279 | 31,820,816 | 34,596,415 | 38,032,983 | 38,021,028 |
| Total business-type activities net position | <u>\$ 77,972,547</u> | <u>\$ 82,464,339</u> | <u>\$ 84,460,207</u> | <u>\$ 93,209,982</u> | <u>\$ 93,452,561</u> |
| Primary Government: | | | | | |
| Net investment in capital assets | \$ 113,311,105 | \$ 116,460,083 | \$ 107,996,498 | \$ 107,694,505 | \$ 108,279,103 |
| Restricted | 34,062,020 | 34,364,220 | 35,032,967 | 35,506,140 | 37,897,223 |
| Unrestricted | 34,747,181 | 39,992,509 | 50,586,153 | 56,097,808 | 52,854,176 |
| Total Primary Government net position | <u>\$ 182,120,306</u> | <u>\$ 190,816,812</u> | <u>\$ 193,615,618</u> | <u>\$ 199,298,453</u> | <u>\$ 199,030,502</u> |

Source: City of Arcadia Financial Reports

City of Arcadia
Net Position by Component (Continued)
Last Ten Fiscal Years

| | Fiscal Year | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| Governmental Activities: | | | | | |
| Net investment in capital assets | \$ 52,132,444 | \$ 58,679,540 | \$ 59,598,320 | \$ 50,203,892 | \$ 50,652,770 |
| Restricted for: | | | | | |
| Capital Projects | 9,407,211 | 6,899,157 | 6,912,977 | 755,064 | - |
| Debt Service | 3,893,943 | 762,708 | 699,444 | 786,567 | 694,085 |
| Specific Projects and Programs | 20,596,634 | 14,150,646 | 16,064,646 | 14,564,481 | 18,890,001 |
| Total Restricted | 33,897,788 | 21,812,511 | 23,677,067 | 16,106,112 | 19,584,086 |
| Unrestricted | 14,107,829 | 11,083,944 | 10,527,461 | 25,857,397 | (75,062,952) |
| Total governmental activities net position | \$ 100,138,061 | \$ 91,575,995 | \$ 93,802,848 | \$ 92,167,401 | \$ (4,826,096) |
| Business-type Activities: | | | | | |
| Net investment in capital assets | \$ 54,707,757 | \$ 53,119,660 | \$ 52,092,442 | \$ 50,835,309 | \$ 48,858,963 |
| Restricted for: | | | | | |
| Specific Projects and Programs | - | - | - | - | - |
| Unrestricted | 37,219,013 | 36,456,910 | 36,522,942 | 35,505,795 | 23,494,250 |
| Total business-type activities net position | \$ 91,926,770 | \$ 89,576,570 | \$ 88,615,384 | \$ 86,341,104 | \$ 72,353,213 |
| Primary Government: | | | | | |
| Net investment in capital assets | \$ 106,840,201 | \$ 111,799,200 | \$ 111,690,762 | \$ 101,039,201 | \$ 99,511,733 |
| Restricted | 33,897,788 | 21,812,511 | 23,677,067 | 16,106,112 | 19,584,086 |
| Unrestricted | 51,326,842 | 47,540,854 | 47,050,403 | 61,363,192 | (51,568,702) |
| Total Primary Government net position | \$ 192,064,831 | \$ 181,152,565 | \$ 182,418,232 | \$ 178,508,505 | \$ 67,527,117 |

Source: City of Arcadia Financial Reports

City of Arcadia
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting)

| | Fiscal Year | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 8,509,833 | \$ 9,107,167 | \$ 9,511,398 | \$ 8,211,121 | \$ 11,653,623 |
| Public safety | 21,940,999 | 22,679,538 | 26,336,811 | 25,887,304 | 26,433,261 |
| Public works services | 7,326,242 | 7,791,736 | 9,810,398 | 6,500,404 | 6,153,531 |
| Community development | 4,020,251 | 2,657,163 | 3,934,974 | 2,848,740 | 3,702,372 |
| Library | 3,665,494 | 2,659,513 | 3,095,916 | 3,344,597 | 2,958,551 |
| Economic development | 1,393,822 | 1,568,742 | 713,846 | 1,726,912 | 2,511,182 |
| Recreation and community services | 2,271,383 | 2,366,695 | 2,592,669 | 2,547,934 | 2,489,088 |
| Interest on long-term debt | 1,459,769 | 1,417,308 | 1,372,678 | 1,325,694 | 1,277,732 |
| Total governmental activities expenses | <u>\$ 50,587,793</u> | <u>\$ 50,247,862</u> | <u>\$ 57,368,690</u> | <u>\$ 52,392,706</u> | <u>\$ 57,179,340</u> |
| Business-type activities: | | | | | |
| Water | \$ 8,078,625 | \$ 8,619,458 | \$ 9,020,752 | \$ 10,266,681 | \$ 10,842,417 |
| Sewer ** | | | | 1,039,606 | 1,184,763 |
| Transit | 1,592,201 | 1,554,102 | 1,467,553 | 1,632,156 | 1,676,496 |
| Total business-type activities expenses | <u>\$ 9,670,826</u> | <u>\$ 10,173,560</u> | <u>\$ 10,488,305</u> | <u>\$ 12,938,443</u> | <u>\$ 13,703,676</u> |
| Total primary government expenses | <u><u>\$ 60,258,619</u></u> | <u><u>\$ 60,421,422</u></u> | <u><u>\$ 67,856,995</u></u> | <u><u>\$ 65,331,149</u></u> | <u><u>\$ 70,883,016</u></u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 43,113 | \$ 390,539 | \$ - | \$ 86,150 | \$ 2,973 |
| Public safety | 2,539,999 | 2,186,438 | 2,685,688 | 2,899,528 | 3,293,237 |
| Public works services | 1,036,800 | 1,291,862 | 1,433,711 | 365,883 | 305,344 |
| Community development | 2,337,467 | 2,461,548 | 2,001,142 | 1,835,423 | 1,891,145 |
| Library | 101,967 | 98,273 | 97,245 | 95,299 | 97,842 |
| Recreation and community services | 696,292 | 721,747 | 837,233 | 1,204,767 | 1,632,634 |
| Operating Grants and Contributions | 3,783,055 | 3,118,384 | 2,446,798 | 2,613,585 | 3,085,135 |
| Capital Grants and Contributions | 1,264,847 | 1,474,253 | 3,077,164 | 2,311,305 | 2,576,985 |
| Total governmental activities program revenues | <u>\$ 11,803,540</u> | <u>\$ 11,743,044</u> | <u>\$ 12,578,981</u> | <u>\$ 11,411,940</u> | <u>\$ 12,885,295</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water | \$ 9,887,140 | \$ 10,584,421 | \$ 9,849,482 | \$ 10,087,744 | \$ 9,611,411 |
| Sewer ** | - | - | - | 1,161,525 | 1,206,690 |
| Transit | 76,856 | 74,421 | 67,825 | 69,241 | 72,187 |
| Operating Grants and Contributions | 831,122 | 682,930 | 663,298 | 1,009,884 | 592,255 |
| Capital Grants and Contributions | 2,722,307 | 1,173,791 | - | - | 713,932 |
| Total business-type activities program revenues | <u>\$ 13,517,425</u> | <u>\$ 12,515,563</u> | <u>\$ 10,580,605</u> | <u>\$ 12,328,394</u> | <u>\$ 12,196,475</u> |
| Total primary government program revenues | <u><u>\$ 25,320,965</u></u> | <u><u>\$ 24,258,607</u></u> | <u><u>\$ 23,159,586</u></u> | <u><u>\$ 23,740,334</u></u> | <u><u>\$ 25,081,770</u></u> |

Source: City of Arcadia Financial Reports

** Sewer fund was reclassified from a Special revenue fund to an Enterprise fund in fiscal year 2009.

City of Arcadia
Changes in Net Position (Continued)
Last Ten Fiscal Years (accrual basis of accounting)

| | Fiscal Year | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 7,932,372 | \$ 8,060,384 | \$ 8,772,439 | \$ 6,984,927 | \$ 7,458,250 |
| Public safety | 28,843,936 | 29,494,115 | 30,816,795 | 31,879,134 | 32,579,734 |
| Public works services | 8,344,308 | 8,595,701 | 7,684,123 | 7,318,800 | 7,741,343 |
| Community development | 5,763,672 | 4,650,800 | 3,615,072 | 15,469,651 | 5,050,382 |
| Library | 3,264,511 | 3,269,158 | 3,371,939 | 3,381,138 | 3,640,914 |
| Economic development | 5,435,758 | 1,091,721 | - | - | - |
| Recreation and community services | 2,759,562 | 2,796,582 | 3,051,783 | 3,740,097 | 3,310,420 |
| Interest on long-term debt | 2,067,789 | 969,994 | 673,196 | 455,077 | 434,682 |
| Total governmental activities expenses | <u>\$ 64,411,908</u> | <u>\$ 58,928,455</u> | <u>\$ 57,985,347</u> | <u>\$ 69,228,824</u> | <u>\$ 60,215,725</u> |
| Business-type activities: | | | | | |
| Water | \$ 11,854,112 | \$ 13,195,083 | \$ 12,373,758 | \$ 13,911,484 | \$ 16,891,412 |
| Sewer ** | 1,106,873 | 1,135,487 | 1,318,107 | 1,347,002 | 1,457,275 |
| Transit | 1,727,366 | 1,792,216 | 2,023,651 | 2,010,402 | 1,836,228 |
| Total business-type activities expenses | <u>\$ 14,688,351</u> | <u>\$ 16,122,786</u> | <u>\$ 15,715,516</u> | <u>\$ 17,268,888</u> | <u>\$ 20,184,915</u> |
| Total primary government expenses | <u><u>\$ 79,100,259</u></u> | <u><u>\$ 75,051,241</u></u> | <u><u>\$ 73,700,863</u></u> | <u><u>\$ 86,497,712</u></u> | <u><u>\$ 80,400,640</u></u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 13,512 | \$ 1,245 | \$ 260 | \$ 1,065 | \$ - |
| Public safety | 3,149,498 | 3,304,856 | 3,146,493 | 3,801,154 | 3,683,293 |
| Public works services | 475,338 | 393,639 | 325,403 | 455,285 | 312,995 |
| Community development | 2,262,274 | 2,698,841 | 3,175,993 | 5,951,472 | 4,497,375 |
| Library | 86,285 | 74,518 | 69,350 | 74,007 | 71,564 |
| Recreation and community services | 1,916,601 | 2,295,475 | 2,450,915 | 3,149,525 | 3,045,343 |
| Operating Grants and Contributions | 3,607,703 | 3,612,486 | 4,592,325 | 5,481,152 | 5,020,312 |
| Capital Grants and Contributions | 2,555,769 | 1,500,626 | 2,272,285 | 658,109 | 804,556 |
| Total governmental activities program revenues | <u>\$ 14,066,980</u> | <u>\$ 13,881,686</u> | <u>\$ 16,033,024</u> | <u>\$ 19,571,769</u> | <u>\$ 17,435,438</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water | \$ 9,190,903 | \$ 10,191,324 | \$ 10,902,718 | \$ 11,467,284 | \$ 10,132,653 |
| Sewer ** | 1,203,269 | 1,221,817 | 1,277,868 | 1,308,313 | 1,310,499 |
| Transit | 71,425 | 73,846 | 86,208 | 89,710 | 76,484 |
| Operating Grants and Contributions | 532,857 | 606,878 | 616,491 | 685,118 | 786,352 |
| Capital Grants and Contributions | 699,368 | 401,697 | 648,875 | - | - |
| Total business-type activities program revenues | <u>\$ 11,697,822</u> | <u>\$ 12,495,562</u> | <u>\$ 13,532,160</u> | <u>\$ 13,550,425</u> | <u>\$ 12,305,988</u> |
| Total primary government program revenues | <u><u>\$ 25,764,802</u></u> | <u><u>\$ 26,377,248</u></u> | <u><u>\$ 29,565,184</u></u> | <u><u>\$ 33,122,194</u></u> | <u><u>\$ 29,741,426</u></u> |

Source: City of Arcadia Financial Reports

** Sewer fund was reclassified from a Special revenue fund to an Enterprise fund in fiscal year 2009.

City of Arcadia
Changes in Net Position (Continued)
Last Ten Fiscal Years (accrual basis of accounting)

| | Fiscal Year | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (38,784,253) | \$ (38,504,818) | \$ (44,789,709) | \$ (40,980,766) | \$ (44,294,045) |
| Business-type activities | 3,846,599 | 2,342,003 | 92,300 | (610,049) | (1,507,200) |
| Total primary government net expense | <u>\$ (34,937,654)</u> | <u>\$ (36,162,815)</u> | <u>\$ (44,697,409)</u> | <u>\$ (41,590,815)</u> | <u>\$ (45,801,245)</u> |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 11,609,716 | \$ 12,917,525 | \$ 13,363,736 | \$ 14,330,420 | \$ 15,400,704 |
| Sales taxes | 9,317,863 | 9,415,160 | 9,582,552 | 9,024,834 | 7,940,462 |
| Franchise fees | 968,386 | 936,330 | 1,129,174 | 1,077,046 | 972,461 |
| Utilities user taxes | 4,825,621 | 5,243,605 | 5,189,901 | 5,128,782 | 5,258,113 |
| Transient occupancy taxes | 2,597,526 | 2,762,001 | 2,916,776 | 2,428,763 | 2,237,610 |
| Motor vehicle license taxes | 4,065,104 | 4,058,116 | 4,223,427 | 4,433,640 | 4,502,551 |
| Non-regulatory business license taxes | 881,866 | 894,811 | 900,129 | 938,278 | 1,020,770 |
| Other Taxes | 2,249,088 | 2,088,137 | 2,473,171 | 1,850,761 | 1,846,825 |
| Total Taxes and fees | 36,515,170 | 38,315,685 | 39,778,866 | 39,212,524 | 39,179,496 |
| Investment earnings | 1,744,691 | 3,152,654 | 3,384,271 | 2,680,217 | 1,025,361 |
| Miscellaneous | 2,541,493 | 1,885,951 | 3,054,303 | 3,535,084 | 4,491,008 |
| Gain/loss on disposal of capital assets | - | - | (40,128) | - | - |
| Transfers | (681,580) | (644,758) | (584,665) | (911,695) | (912,350) |
| Extraordinary item | - | - | - | - | - |
| Total Governmental activities | <u>40,119,774</u> | <u>42,709,532</u> | <u>45,592,647</u> | <u>44,516,130</u> | <u>43,783,515</u> |
| Business-type activities: | | | | | |
| Investment earnings | 822,695 | 1,505,031 | 1,879,521 | 1,845,825 | 819,078 |
| Miscellaneous | - | - | (560,618) | - | 18,351 |
| Transfers | 681,580 | 644,758 | 584,665 | 911,695 | 912,350 |
| Total business-type activities | <u>1,504,275</u> | <u>2,149,789</u> | <u>1,903,568</u> | <u>2,757,520</u> | <u>1,749,779</u> |
| Total primary government | <u>\$ 41,624,049</u> | <u>\$ 44,859,321</u> | <u>\$ 47,496,215</u> | <u>\$ 47,273,650</u> | <u>\$ 45,533,294</u> |
| Change in Net Position | | | | | |
| Governmental activities | \$ 1,335,521 | \$ 4,204,714 | \$ 802,938 | \$ 3,535,364 | \$ (510,530) |
| Business-type activities | 5,350,874 | 4,491,792 | 1,995,868 | 2,147,471 | 242,579 |
| Total primary government | <u>\$ 6,686,395</u> | <u>\$ 8,696,506</u> | <u>\$ 2,798,806</u> | <u>\$ 5,682,835</u> | <u>\$ (267,951)</u> |

Source: City of Arcadia Financial Reports

City of Arcadia
Changes in Net Position (Continued)
Last Ten Fiscal Years (accrual basis of accounting)

| | Fiscal Year | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (50,344,928) | \$ (45,046,769) | \$ (41,952,323) | \$ (49,657,055) | \$ (42,780,287) |
| Business-type activities | (2,990,529) | (3,627,224) | (2,183,356) | (3,718,463) | (7,878,927) |
| Total primary government net expense | <u>\$ (53,335,457)</u> | <u>\$ (48,673,993)</u> | <u>\$ (44,135,679)</u> | <u>\$ (53,375,518)</u> | <u>\$ (50,659,214)</u> |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 14,215,888 | \$ 11,416,754 | \$ 13,644,310 | \$ 13,892,020 | \$ 13,865,978 |
| Sales taxes | 8,613,829 | 8,962,391 | 9,646,630 | 10,082,196 | 10,427,065 |
| Franchise fees | 1,045,099 | 1,061,719 | 1,091,812 | 1,070,809 | 1,192,519 |
| Utilities user taxes | 5,172,811 | 5,046,439 | 5,118,597 | 6,545,713 | 7,142,118 |
| Transient occupancy taxes | 2,394,106 | 2,560,371 | 2,823,399 | 3,215,261 | 3,365,408 |
| Motor vehicle license taxes | 4,814,591 | 4,653,845 | 4,900,991 | 5,213,847 | 5,641,681 |
| Non-regulatory business license taxes | 1,068,308 | 1,108,428 | 1,186,704 | 1,249,583 | 1,202,350 |
| Other Taxes | 1,641,467 | 1,581,577 | 1,541,319 | 1,683,520 | 1,662,956 |
| Total Taxes and fees | 38,966,099 | 36,391,524 | 39,953,762 | 42,952,949 | 44,500,075 |
| Investment earnings | 2,080,612 | 1,689,361 | 1,035,634 | 1,598,314 | 1,632,484 |
| Miscellaneous | 4,579,176 | 4,153,019 | 3,374,585 | 4,724,159 | 4,421,469 |
| Gain/loss on disposal of capital assets | 256,499 | 35,714 | 935,125 | 64,696 | 28,323 |
| Transfers | (977,338) | (976,894) | (1,119,930) | (1,031,360) | (817,751) |
| Extraordinary item | - | (4,808,021) | - | - | - |
| Total Governmental activities | <u>44,905,048</u> | <u>36,484,703</u> | <u>44,179,176</u> | <u>48,308,758</u> | <u>49,764,600</u> |
| Business-type activities: | | | | | |
| Investment earnings | 472,912 | 280,621 | 85,231 | 396,892 | 332,719 |
| Miscellaneous | 14,488 | 19,509 | 17,009 | 15,931 | 18,300 |
| Transfers | 977,338 | 976,894 | 1,119,930 | 1,031,360 | 817,751 |
| Total business-type activities | <u>1,464,738</u> | <u>1,277,024</u> | <u>1,222,170</u> | <u>1,444,183</u> | <u>1,168,770</u> |
| Total primary government | <u>\$ 46,369,786</u> | <u>\$ 37,761,727</u> | <u>\$ 45,401,346</u> | <u>\$ 49,752,941</u> | <u>\$ 50,933,370</u> |
| Change in Net Position | | | | | |
| Governmental activities | \$ (5,439,880) | \$ (8,562,066) | \$ 2,226,853 | \$ (1,348,297) | \$ 6,984,313 |
| Business-type activities | (1,525,791) | (2,350,200) | (961,186) | (2,274,280) | (6,710,157) |
| Total primary government | <u>\$ (6,965,671)</u> | <u>\$ (10,912,266)</u> | <u>\$ 1,265,667</u> | <u>\$ (3,622,577)</u> | <u>\$ 274,156</u> |

Source: City of Arcadia Financial Reports

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

| | Fiscal Year | | | | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| General Fund | | | | | |
| Reserved | \$ 1,388,195 | \$ 1,165,608 | \$ 2,129,731 | \$ 2,078,013 | \$ 1,337,938 |
| Unreserved | 21,099,099 | 22,505,659 | 22,235,755 | 24,508,667 | 23,860,788 |
| Nonspendable | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total General Fund | <u>\$ 22,487,294</u> | <u>\$ 23,671,267</u> | <u>\$ 24,365,486</u> | <u>\$ 26,586,680</u> | <u>\$ 25,198,726</u> |
| All Other Governmental Funds | | | | | |
| Reserved | \$ 7,106,456 | \$ 12,640,850 | \$ 8,493,954 | \$ 14,650,692 | \$ 19,244,377 |
| Unreserved, reported in: | | | | | |
| Special Revenue Funds | 12,087,982 | 13,676,531 | 14,559,787 | 14,082,897 | 15,901,092 |
| Debt Service Funds | (777,991) | (1,106,930) | 39,618 | - | - |
| Capital projects funds | 24,216,851 | 16,799,330 | 19,160,955 | 14,218,072 | 8,068,757 |
| Nonspendable | - | - | - | - | - |
| Restricted | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total all other Governmental Funds | <u>\$ 42,633,298</u> | <u>\$ 42,009,781</u> | <u>\$ 42,254,314</u> | <u>\$ 42,951,661</u> | <u>\$ 43,214,226</u> |
| Total Governmental Funds | <u>\$ 65,120,592</u> | <u>\$ 65,681,048</u> | <u>\$ 66,619,800</u> | <u>\$ 69,538,341</u> | <u>\$ 68,412,952</u> |

Source: City of Arcadia Financial Reports

* Fund balance catagories were changed due to the implementation of GASB 54 in 2011

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

| | Fiscal Year | | | | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Fund | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - | - |
| Nonspendable | 741,827 | 727,715 | 698,729 | 708,053 | 768,417 |
| Assigned | 17,280,504 | 15,325,993 | 13,815,582 | 22,223,334 | 23,710,862 |
| Unassigned | 8,711,216 | 9,745,454 | 12,701,494 | 8,180,075 | 12,358,782 |
| Total General Fund | <u>\$ 26,733,547</u> | <u>\$ 25,799,162</u> | <u>\$ 27,215,805</u> | <u>\$ 31,111,462</u> | <u>\$ 36,838,061</u> |
| All Other Governmental Funds | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | |
| Special Revenue Funds | - | - | - | - | - |
| Debt Service Funds | - | - | - | - | - |
| Capital projects funds | - | - | - | - | - |
| Nonspendable | 16,124,172 | 23,251 | 305 | 384 | - |
| Restricted | 32,629,493 | 21,812,511 | 23,677,067 | 16,106,112 | 19,779,855 |
| Assigned | 10,425,600 | 4,337,923 | 3,735,533 | 6,207,820 | 4,894,097 |
| Unassigned | - | - | - | - | (1,224) |
| Total all other Governmental Funds | <u>\$ 59,179,265</u> | <u>\$ 26,173,685</u> | <u>\$ 27,412,905</u> | <u>\$ 22,314,316</u> | <u>\$ 24,672,728</u> |
| Total Governmental Funds | <u>\$ 85,912,812</u> | <u>\$ 51,972,847</u> | <u>\$ 54,628,710</u> | <u>\$ 53,425,778</u> | <u>\$ 61,510,789</u> |

Source: City of Arcadia Financial Reports

* Fund balance categories were changed due to the implementation of GASB 54 in 2011

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

| | Fiscal Year | | | | |
|--|---------------------|--------------------|--------------------|---------------------|-----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| REVENUES: | | | | | |
| Taxes | \$ 31,492,532 | \$ 33,362,760 | \$ 34,105,057 | \$ 33,840,607 | \$ 32,337,065 |
| Licenses, fees and permits | 3,496,954 | 4,177,234 | 4,014,778 | 3,802,420 | 3,487,187 |
| Fines and Penalties | 441,666 | 406,758 | 827,448 | 830,395 | 942,337 |
| Use of money of property | 1,948,131 | 3,418,245 | 3,768,802 | 3,510,957 | 2,123,272 |
| Intergovernmental Revenues | 9,090,651 | 8,059,923 | 9,713,585 | 9,269,355 | 10,380,618 |
| Charges for services | 3,465,650 | 3,724,519 | 4,117,379 | 3,529,270 | 4,420,625 |
| Other Revenues | 7,434,772 | 7,600,223 | 6,625,660 | 8,846,293 | 6,804,945 |
| Total revenues | 57,370,356 | 60,749,662 | 63,172,709 | 63,629,297 | 60,496,049 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 9,240,938 | 9,894,659 | 9,773,261 | 10,241,549 | 10,664,354 |
| Public safety | 24,264,220 | 30,135,748 | 29,537,687 | 27,595,515 | 28,239,920 |
| Public works services | 6,854,972 | 6,725,692 | 8,480,731 | 6,350,512 | 5,910,512 |
| Community development | 4,549,258 | 3,697,379 | 5,092,902 | 3,359,686 | 5,371,217 |
| Library | 2,694,126 | 2,672,995 | 3,064,959 | 3,374,589 | 2,987,701 |
| Economic development | 1,425,517 | 1,852,716 | 957,789 | 1,726,912 | 2,975,135 |
| Recreation and community services | 2,371,373 | 2,357,786 | 2,533,477 | 2,470,190 | 2,357,463 |
| Debt service: | | | | | |
| Interest | 750,000 | 780,000 | 825,000 | 870,000 | 915,000 |
| Principal | 1,469,548 | 1,427,473 | 1,383,486 | 1,337,036 | 1,287,786 |
| Cost of issuance | - | - | - | - | - |
| Total expenditures | 53,619,952 | 59,544,448 | 61,649,292 | 57,325,989 | 60,709,088 |
| Less: acquisition of capital assets | (1,588,210) | (7,008,476) | (5,051,343) | (1,815,013) | (3,807,691) |
| Total expenditures excluding capital assets | 52,031,742 | 52,535,972 | 56,597,949 | 55,510,976 | 56,901,397 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 3,750,404 | 1,205,214 | 1,523,417 | 6,303,308 | (213,039) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 2,466,214 | 1,331,729 | 4,898,172 | 3,236,418 | 3,660,845 |
| Transfers out | (3,147,794) | (1,976,487) | (5,482,837) | (4,148,113) | (4,573,195) |
| Proceeds from sale of assets | - | - | - | - | - |
| Proceeds of bond issuance | - | - | - | - | - |
| Bond discount | - | - | - | - | - |
| Bond Premium | - | - | - | - | - |
| Payment on refunded bonds | - | - | - | - | - |
| Loss on dissolution of Arcadia Redevelopment Agency | - | - | - | - | - |
| Total other financing sources (uses) | (681,580) | (644,758) | (584,665) | (911,695) | (912,350) |
| Net change in fund balances | \$ 3,068,824 | \$ 560,456 | \$ 938,752 | \$ 5,391,613 | \$ (1,125,389) |
| Debt service as a percentage of non-capital expenditures | 4.27% | 4.20% | 3.90% | 3.98% | 3.87% |

Source: City of Arcadia Financial Reports

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

| | Fiscal Year | | | | |
|--|----------------------|------------------------|---------------------|-----------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| REVENUES: | | | | | |
| Taxes | \$ 34,244,462 | \$ 30,629,251 | \$ 33,866,067 | \$ 36,489,519 | \$ 37,911,174 |
| Licenses, fees and permits | 3,972,881 | 4,542,324 | 5,008,304 | 8,031,036 | 6,512,028 |
| Fines and Penalties | 960,496 | 918,949 | 839,477 | 913,156 | 935,629 |
| Use of money of property | 2,080,611 | 1,833,161 | 1,035,634 | 1,598,310 | 1,632,483 |
| Intergovernmental Revenues | 11,248,656 | 9,776,817 | 11,437,572 | 10,881,323 | 11,508,381 |
| Charges for services | 4,711,152 | 5,041,963 | 5,095,987 | 6,356,736 | 6,086,755 |
| Other Revenues | 3,973,389 | 3,410,965 | 4,049,089 | 4,093,208 | 4,390,220 |
| Total revenues | 61,191,647 | 56,153,430 | 61,332,130 | 68,363,288 | 68,976,670 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 8,375,592 | 8,923,780 | 7,484,871 | 7,051,033 | 6,730,305 |
| Public safety | 27,451,509 | 28,402,141 | 29,905,370 | 30,842,988 | 31,748,649 |
| Public works services | 6,588,499 | 6,897,481 | 5,940,589 | 5,805,936 | 6,372,293 |
| Community development | 5,756,910 | 5,380,890 | 6,885,395 | 17,046,641 | 8,168,873 |
| Library | 3,058,338 | 3,050,203 | 3,179,305 | 3,165,746 | 3,433,071 |
| Economic development | 5,452,493 | 1,091,721 | - | - | - |
| Recreation and community services | 3,746,142 | 2,571,010 | 3,014,469 | 3,729,337 | 3,099,283 |
| Debt service: | | | | | |
| Interest | 1,736,317 | 900,000 | 756,210 | 502,875 | 525,000 |
| Principal | 690,000 | 1,282,872 | 215,000 | 465,000 | 484,854 |
| Cost of issuance | 395,037 | - | 132,228 | - | - |
| Total expenditures | 63,250,837 | 58,500,098 | 57,513,437 | 68,609,556 | 60,562,328 |
| Less: acquisition of capital assets | (2,562,811) | (2,931,313) | (4,349,512) | (2,559,961) | (3,756,352) |
| Total expenditures excluding capital assets | 60,688,026 | 55,568,785 | 53,163,925 | 66,049,595 | 56,805,976 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (2,059,190) | (2,346,668) | 3,818,693 | (246,268) | 8,414,342 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 8,387,511 | 8,760,016 | 2,455,802 | 4,623,066 | 3,874,984 |
| Transfers out | (9,364,849) | (9,736,910) | (3,575,732) | (5,654,426) | (4,692,735) |
| Proceeds from sale of assets | - | - | - | 74,696 | - |
| Proceeds of bond issuance | 27,830,000 | - | 6,135,000 | - | - |
| Bond discount | (424,696) | - | - | - | - |
| Bond Premium | 451,084 | - | 362,100 | - | - |
| Payment on refunded bonds | (7,320,000) | - | (6,540,000) | - | - |
| Loss on dissolution of Arcadia Redevelopment Agency | - | (30,616,403) | - | - | - |
| Total other financing sources (uses) | 19,559,050 | (31,593,297) | (1,162,830) | (956,664) | (817,751) |
| Net change in fund balances | \$ 17,499,860 | \$ (33,939,965) | \$ 2,655,863 | \$ (1,202,932) | \$ 7,596,591 |
| Debt service as a percentage of non-capital expenditures | 4.00% | 3.93% | 1.83% | 1.47% | 1.78% |

Source: City of Arcadia Financial Reports

City of Arcadia
Governmental Activities Tax Revenue by Source
Last Ten Fiscal Years (accrual basis of accounting)

| Fiscal Year Ended June 30, | Property Tax | Sales Tax | Franchise Fee | Utilities user Tax | Transient Occupancy Tax | Motor Vehicle License Tax | Business License Tax | Other Taxes | Total Taxes and Fees |
|-------------------------------------|-----------------|--------------|------------------|-----------------------|-------------------------------|------------------------------------|----------------------------|----------------|-------------------------|
| 2006 | 11,609,716 | 9,317,863 | 968,386 | 4,825,621 | 2,597,526 | 4,065,104 | 881,866 | 2,249,088 | 36,515,170 |
| 2007 | 12,917,525 | 9,415,160 | 936,330 | 5,243,605 | 2,762,001 | 4,058,116 | 894,811 | 2,088,137 | 38,315,685 |
| 2008 | 13,363,736 | 9,582,552 | 1,129,174 | 5,189,901 | 2,916,776 | 4,223,427 | 900,129 | 2,473,171 | 39,778,866 |
| 2009 | 14,330,420 | 9,024,834 | 1,077,046 | 5,128,782 | 2,428,763 | 4,433,640 | 938,278 | 1,850,761 | 39,212,524 |
| 2010 | 15,400,704 | 7,940,462 | 972,460 | 5,258,113 | 2,237,610 | 4,502,551 | 1,020,770 | 1,846,825 | 39,179,495 |
| 2011 | 14,215,888 | 8,613,829 | 1,045,099 | 5,172,811 | 2,394,106 | 4,814,591 | 1,068,308 | 1,641,467 | 38,966,099 |
| 2012 | 11,416,754 | 8,962,391 | 1,061,719 | 5,046,439 | 2,560,371 | 4,653,845 | 1,108,428 | 1,581,577 | 36,391,524 |
| 2013 | 13,644,310 | 9,646,630 | 1,091,812 | 5,118,597 | 2,823,399 | 4,900,991 | 1,186,704 | 1,541,319 | 39,953,762 |
| 2014 | 13,892,020 | 10,082,196 | 1,070,809 | 6,545,713 | 3,215,261 | 5,213,847 | 1,249,583 | 1,683,520 | 42,952,949 |
| 2015 | 13,865,978 | 10,427,065 | 1,192,519 | 7,142,118 | 3,365,408 | 5,641,681 | 1,202,350 | 1,662,956 | 44,500,075 |

Source: City of Arcadia Financial Reports

City of Arcadia
General Governmental Tax Revenue by Source
Last Ten Fiscal Years (modified accrual basis of accounting)

| Fiscal Year Ended June 30, | Property Tax | Sales Tax | Franchise Fee | Utilities user tax | Transient Occupancy Tax | Other Taxes | Total Taxes |
|-------------------------------------|-----------------|--------------|------------------|-----------------------|-------------------------------|----------------|----------------|
| 2006 | 11,609,716 | 9,317,863 | 968,386 | 4,825,621 | 2,597,526 | 2,249,088 | 31,568,200 |
| 2007 | 12,917,525 | 9,415,160 | 936,330 | 5,243,605 | 2,762,001 | 2,088,137 | 33,362,758 |
| 2008 | 13,363,736 | 9,582,552 | 1,129,174 | 5,189,901 | 2,916,776 | 1,922,918 | 34,105,057 |
| 2009 | 14,330,420 | 9,024,834 | 1,077,046 | 5,128,782 | 2,428,763 | 1,850,761 | 33,840,606 |
| 2010 | 15,400,704 | 7,940,462 | 972,460 | 5,258,113 | 2,237,610 | 1,846,825 | 33,656,174 |
| 2011 | 14,215,888 | 8,613,829 | 1,045,099 | 5,172,811 | 2,394,106 | 1,641,467 | 33,083,200 |
| 2012 | 11,416,754 | 8,962,391 | 1,061,719 | 5,046,439 | 2,560,371 | 1,581,577 | 30,629,251 |
| 2013 | 13,644,310 | 9,646,630 | 1,091,812 | 5,118,597 | 2,823,399 | 1,541,319 | 33,866,067 |
| 2014 | 13,892,020 | 10,082,196 | 1,070,809 | 6,545,713 | 3,215,261 | 1,683,520 | 36,489,519 |
| 2015 | 13,865,978 | 10,587,947 | 1,192,519 | 7,142,118 | 3,365,408 | 1,757,204 | 37,911,174 |

Source: City of Arcadia Financial Reports

City of Arcadia
Assessed Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Residential Property | Commercial Property | Recreational Property | Industrial Property | Others | Exempt | Total Taxable Assessed Value | Percent Increase | Total Direct Rate |
|-------------------------------------|-------------------------|------------------------|--------------------------|------------------------|-------------|--------------|------------------------------------|---------------------|----------------------|
| 2006 | 6,344,545,025 | 850,554,868 | 166,048,150 | 138,574,928 | 307,719,856 | (23,771,984) | 7,783,670,843 | 7.6% | 0.13963% |
| 2007 | 6,922,040,445 | 953,413,176 | 168,903,467 | 145,207,232 | 389,648,688 | (23,771,884) | 8,555,441,124 | 9.9% | 0.13605% |
| 2008 | 7,460,234,815 | 990,638,865 | 172,281,530 | 157,303,267 | 350,110,351 | (25,641,750) | 9,104,927,078 | 6.4% | 0.13651% |
| 2009 | 7,894,207,490 | 1,047,552,317 | 190,189,595 | 175,916,383 | 387,260,656 | (24,898,550) | 9,670,227,891 | 6.2% | 0.13861% |
| 2010 | 8,119,135,094 | 1,098,758,395 | 193,993,380 | 185,389,363 | 316,015,833 | (26,253,099) | 9,887,038,966 | 2.2% | 0.13933% |
| 2011 | 8,385,923,392 | 1,154,290,186 | 193,533,608 | 184,933,074 | 428,722,104 | (25,856,815) | 10,321,545,549 | 4.4% | 0.13798% |
| 2012 | 8,667,971,752 | 1,217,932,398 | 194,107,146 | 186,684,883 | 370,363,654 | (26,728,213) | 10,610,331,620 | 2.8% | 0.13688% |
| 2013 | 9,119,940,977 | 1,235,622,033 | 197,989,278 | 188,696,515 | 391,938,576 | (26,552,388) | 11,107,634,991 | 4.7% | 0.13360% |
| 2014 | 9,784,166,701 | 1,283,395,020 | 207,049,008 | 191,408,716 | 390,981,520 | (24,789,124) | 11,832,211,841 | 6.5% | 0.10249% |
| 2015 | 10,562,151,620 | 1,306,789,917 | 312,687,185 | 191,721,395 | 458,587,020 | (23,259,190) | 12,808,677,947 | 8.3% | 0.10249% |

Note: Exempt values are not included in total

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

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City of Arcadia
Direct and Overlapping Property Tax Rates (Rate Per \$100 of Taxable Value)
Last Ten Fiscal Years

| <u>Year</u> | <u>City's Share of 1% Levy Per Prop 13</u> | <u>Redevelopment Rate</u> | <u>Total Direct Rate</u> |
|-------------|--|-------------------------------|--------------------------|
| 2006 | 0.09602 | 1.04883 | 0.13963 |
| 2007 | 0.09602 | 1.03033 | 0.13605 |
| 2008 | 0.09602 | 1.0303 | 0.13651 |
| 2009 | 0.09602 | 1.03296 | 0.13861 |
| 2010 | 0.09602 | 1.04707 | 0.13933 |
| 2011 | 0.09602 | 1.0037 | 0.13798 |
| 2012 | 0.09602 | 1.0037 | 0.13688 |
| 2013 | 0.09602 | N/A | 0.13360 |
| 2014 | 0.09602 | N/A | 0.10249 |
| 2015 | 0.09602 | N/A | 0.10249 |

Source: HDL Coren & Cone and Los Angeles County Assessor

City of Arcadia
Direct and Overlapping Property Tax Rates (Rate Per \$100 of Taxable Value) (Continued)
Last Ten Fiscal Years

| Year | City Direct and Overlapping Rates % | | | | | | | |
|------|-------------------------------------|---------------------------------|-------------------|--------------------|------------------|-------------------|-----------------|------------|
| | Basic Levy | General Obligation Debt Service | Lighting District | Los Angeles County | School Districts | Community College | Water Districts | Tax Rate % |
| 2006 | 1.0000 | 0.00750 | 0.04575 | 0.00084 | 0.35749 | 0.03975 | 0.02520 | 1.47654 |
| 2007 | 1.0000 | 0.00527 | 0.02491 | 0.00071 | 0.38302 | 0.03905 | 0.02470 | 1.47766 |
| 2008 | 1.0000 | 0.00511 | 0.02580 | 0.00000 | 0.35205 | 0.04952 | 0.02450 | 1.45697 |
| 2009 | 1.0000 | 0.00549 | 0.02866 | 0.00000 | 0.38165 | 0.06503 | 0.02230 | 1.50311 |
| 2010 | 1.0000 | 0.00530 | 0.04277 | 0.00000 | 0.51389 | 0.07411 | 0.02230 | 1.65838 |
| 2011 | 1.0000 | 0.00500 | 0.00000 | 0.00000 | 0.50697 | 0.07941 | 0.02170 | 1.61308 |
| 2012 | 1.0000 | 0.00499 | 0.00000 | 0.00000 | 0.54958 | 0.07821 | 0.02170 | 1.65448 |
| 2013 | 1.0000 | 0.00959 | 0.00000 | 0.00000 | 0.55242 | 0.07457 | 0.02150 | 1.65808 |
| 2014 | 1.0000 | 0.00838 | 0.00000 | 0.00000 | 0.60099 | 0.07017 | 0.02150 | 1.70104 |
| 2015 | 1.0000 | 0.00822 | 0.00000 | 0.00000 | 0.57233 | 0.06180 | 0.02150 | 1.66385 |

Note: Overlapping rates are those of local and county governments that apply to an average taxpayer within the City.

Source: HDL Coren & Cone and Los Angeles County Assessor

City of Arcadia
Principal Property Tax Owners
Last Fiscal Year & Nine Years Prior

| 2014/15 | | | | |
|-------------------------------------|-----------------------|-----------------------------|------|---|
| <u>Taxpayer</u> | Assessed Value | Est. Total * Tax Revenue | Rank | Percentage of Total City Property Tax Revenue |
| Santa Anita Borrower LLC | \$ 367,556,102 | \$ 376,708 | 1 | 2.87% |
| Santa Anita Land Holdings LLC | 285,728,663 | 292,843 | 2 | 2.33% |
| Baldwin Arcadia Center LP | 76,607,515 | 78,515 | 3 | 0.60% |
| BRE Selct Hotels Properties LLC | 35,791,756 | 36,683 | 4 | 0.28% |
| Safeway Inc. | 32,079,183 | 32,878 | 5 | 0.25% |
| BRE Newton Hotels Property Owner | 31,114,784 | 31,890 | 6 | 0.24% |
| La Turf Club Inc. | 26,934,509 | 27,605 | 7 | 0.21% |
| Arcadia Hotel Venture LP | 24,698,605 | 25,314 | 8 | 0.19% |
| Windrose Santa Anita Properties LLC | 23,312,350 | 23,893 | 9 | 0.18% |
| Post Exchange LLC | 21,165,515 | 21,693 | 10 | 0.17% |
| Total | <u>\$ 924,988,982</u> | <u>\$ 948,021</u> | | <u>7.32%</u> |

| 2005/06 | | | | |
|---------------------------------------|-----------------------|-----------------------------|------|---|
| <u>Taxpayer</u> | Assessed Value | Est. Total * Tax Revenue | Rank | Percentage of Total City Property Tax Revenue |
| Santa Anita Fashion Park LLC | \$ 213,910,389 | \$ 298,683 | 1 | 2.75% |
| 234567 Developments Inc. | 158,371,308 | 221,134 | 2 | 2.03% |
| Safeway Inc. | 33,105,554 | 46,225 | 3 | 0.43% |
| Arcadia Gateway Centre Associates LTD | 32,801,262 | 45,800 | 4 | 0.42% |
| LA Fitness International LLC | 26,105,820 | 36,452 | 5 | 0.34% |
| Arcadia Hotel Venture LP | 21,701,808 | 30,302 | 6 | 0.28% |
| Apple Six Hospitality Inc. | 19,511,105 | 27,243 | 7 | 0.25% |
| LA Turf Club Inc. | 17,863,773 | 24,943 | 8 | 0.23% |
| Santa Anita Holding LLC | 17,752,513 | 24,788 | 9 | 0.23% |
| Ralphs Grocery Company | 13,658,207 | 19,071 | 10 | 0.18% |
| Total | <u>\$ 554,781,739</u> | <u>\$ 774,642</u> | | <u>7.14%</u> |

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

* Estimated Total Tax Revenue is a calculation of the total City share of direct rate times Assessed Value

City of Arcadia
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Year ** | Total Collections to Date | |
|-------------------------------------|--|---|-----------------------|---|---------------------------|-------------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy * |
| 2006 | 909,000 | 973,580 | 107.10% | 75,576 | 1,049,156 | 115.42% |
| 2007 | 786,500 | 813,327 | 103.41% | 18,365 | 831,692 | 105.75% |
| 2008 | 702,200 | 674,921 | 96.12% | 34,403 | 709,324 | 101.01% |
| 2009 | 895,266 | 866,299 | 96.76% | 29,356 | 895,655 | 100.04% |
| 2010 | 922,066 | 830,138 | 90.03% | 88,629 | 918,768 | 99.64% |
| 2011 | 924,282 | 903,326 | 97.73% | 20,155 | 923,481 | 99.91% |
| 2012 | 958,156 | 930,566 | 97.12% | 36,079 | 966,645 | 100.89% |
| 2013 | 1,047,162 | 1,068,505 | 102.04% | 16,319 | 1,084,824 | 103.60% |
| 2014 | 976,606 | 1,022,387 | 104.69% | 30,025 | 1,052,412 | 107.76% |
| 2015 | 1,036,042 | 1,103,805 | 106.54% | 6,900 | 1,110,705 | 107.21% |

Source: Administrative Services Department, City of Arcadia

* Percentage of Levy greater than 100% is attributable to the property value increase during the fiscal year as a result of property sales, new constructions and additional home improvements.

** Collections in subsequent years include the property taxes received in July and August after the end of the respective tax years.

City of Arcadia
Taxable Sales by Category
Last Ten Calendar Years

(in thousands of dollars)

| | Fiscal Year | | | | | | | | | |
|----------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|-------------|--------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Apparel Stores | \$ 116,770 | \$ 124,934 | \$ 133,642 | \$ 115,837 | \$ 111,744 | \$ 116,092 | \$ 121,244 | \$ 132,473 | \$ 142,471 | \$ 143,929 |
| General Merchandise | 178,953 | 170,958 | 167,768 | 154,832 | 149,185 | 148,459 | 154,061 | 152,871 | 154,136 | 152,855 |
| Food Stores | 36,055 | 36,507 | 37,570 | 38,455 | 36,409 | 36,204 | 36,288 | 38,887 | 39,381 | 40,128 |
| Eating and Drinking Places | 116,292 | 121,797 | 133,946 | 133,720 | 126,235 | 127,863 | 134,614 | 142,030 | 153,376 | 168,939 |
| Building Materials | 7,852 | 8,504 | 7,426 | 7,988 | 6,830 | 5,606 | 6,927 | 6,553 | 7,111 | 9,173 |
| Auto Dealers and Suppliers | 84,569 | 101,076 | 83,025 | 84,813 | 79,061 | 78,940 | 78,632 | 78,791 | 90,821 | 104,068 |
| Service Stations | 54,265 | 60,429 | 60,697 | 79,034 | 60,684 | 67,103 | 85,573 | 92,244 | 91,262 | 89,811 |
| Other Retail Stores | 128,864 | 139,689 | 130,777 | 18,133 | 106,283 | 108,730 | 116,203 | 116,512 | 123,321 | 135,165 |
| All Other Outlets | 199,238 | 204,311 | 203,726 | 192,736 | 162,590 | 157,493 | 171,665 | 180,248 | 200,402 | 217,788 |
| Total | \$ 922,858 | \$ 968,205 | \$ 958,577 | \$ 825,548 | \$ 839,021 | \$ 846,490 | \$ 905,207 | \$ 940,609 | \$1,002,281 | \$ 1,061,856 |

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Source: State of California Board of Equalization and HdL Coren & Cone.

CITY OF ARCADIA
TOP 25 SALES TAX PRODUCERS
Last Fiscal Year & Nine Years Prior

2014/15

| <u>Business Name</u> | <u>Business Category</u> |
|-------------------------|----------------------------|
| Abercrombie & Fitch | Family Apparel |
| Allstar Fire Equipment | Light Industrial/Printers |
| Arco AM PM | Service Stations |
| Burlington Coat Factory | Family Apparel |
| Cheesecake Factory | Casual Dining |
| Colorado Chevron | Service Stations |
| CVS Pharmacy | Drug Stores |
| Daimler Trust | Auto Lease |
| Dave & Busters | Casual Dining |
| Din Tai Fung Restaurant | Casual Dining |
| Foot Locker | Shoe Stores |
| Forever XXI | Wornen's Apparel |
| JC Penney | Department Stores |
| Johns Arco | Service Stations |
| Los Angeles Turf Club | Leisure/Entertainment |
| Macys | Department Stores |
| Michael Kors | Family Apparel |
| Mobil | Service Stations |
| Nordstrom | Department Stores |
| Pavilions | Grocery Stores Liquor |
| REI | Sporting Goods/Bike Stores |
| Rusnak Arcadia | New Motor Vehicle Dealers |
| Sephora | Specialty Stores |
| Victoria's Secret | Women's Apparel |
| Western Medical Supply | Medical/Biotech |

| | |
|---|-------|
| Percent of Fiscal Year Total Paid By Top 25 | 50.7% |
| Accounts | |

Period: April 2014 Thru March 2015

Source: HdL Coren & Cone, State Board Equalization

CITY OF ARCADIA
TOP 25 SALES TAX PRODUCERS
Last Fiscal Year & Nine Years Prior

2005/06

| <u>Business Name</u> | <u>Business Category</u> |
|--------------------------|----------------------------|
| Allstar Fire Equipment | Light Industrial/Printers |
| Arcadia Sash & Door | Contractors |
| Arco AM PM | Service Stations |
| Borders Books & Music | Stationery/Book Stores |
| Burlington Coat Factory | Family Apparel |
| Daimler Chrysler Finance | Auto Lease |
| Dave & Busters | Casual Dining |
| Gap | Family Apparel |
| JC Penney | Department Stores |
| Johns Arco | Service Stations |
| Los Angeles Turf Club | Leisure/Entertainment |
| Macys | Department Stores |
| Mobil | Service Stations |
| Nordstrom | Department Stores |
| Old Navy | Family Apparel |
| Pavilions | Grocery Stores Liquor |
| Ralphs | Grocery Stores Liquor |
| REI | Sporting Goods/Bike Stores |
| Robinsons May | Department Stores |
| Ross | Family Apparel |
| Rusnak Arcadia | New Motor Vehicle Dealers |
| Sav On | Drug Stores |
| Sport Chalet | Sporting Goods/Bike Stores |
| Victoria's Secret | Women's Apparel |
| Western Medical Supply | Medical/Biotech |

| | |
|---|-------|
| Percent of Fiscal Year Total Paid By Top 25 | 51.2% |
| Accounts | |

Period: April 2005 Thru March 2006

Source: HdL Coren & Cone, State Board Equalization

City of Arcadia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Year | Governmental Activities | | | | | | Total Primary Government | Percentage of Personal Income ** | Per Capita ** |
|------|--------------------------|-----------|-----------|------------------------------|------------------------------|-----------------------------|--------------------------------|--|------------------|
| | General Obligation Bonds | | | Redevelopment Bonds * | | | | | |
| | 2001 | 2011 | 2012 | Tax Allocation Bond 2001A | Tax Allocation Bond 2001B | Tax Allocation Bond 2010 | | | |
| 2006 | 7,530,000 | | | 9,655,000 | 8,220,000 | | 25,405,000 | 1.310% | 455 |
| 2007 | 7,385,000 | | | 9,220,000 | 8,020,000 | | 24,625,000 | 1.296% | 440 |
| 2008 | 7,230,000 | | | 8,765,000 | 7,805,000 | | 23,800,000 | 1.209% | 425 |
| 2009 | 7,070,000 | | | 8,290,000 | 7,570,000 | | 22,930,000 | 1.155% | 409 |
| 2010 | 6,900,000 | | | 7,795,000 | 7,320,000 | | 22,015,000 | 1.131% | 391 |
| 2011 | 6,725,000 | 8,448,827 | | 7,280,000 | - | 19,426,839 | 41,880,666 | 1.983% | 738 |
| 2012 | 6,540,000 | 8,426,562 | | - | - | - | 14,966,562 | 0.708% | 265 |
| 2013 | - | 8,189,297 | 6,486,182 | - | - | - | 14,675,479 | 0.680% | 258 |
| 2014 | - | 7,887,032 | 6,281,837 | - | - | - | 14,168,869 | 0.648% | 246 |
| 2015 | - | 7,579,767 | 6,022,492 | - | - | - | 13,602,259 | 0.612% | 236 |

Note: * Arcadia Redevelopment Agency together with all other Redevelopment Agencies in California were eliminated on February 1, 2012.

City of Arcadia
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Governmental Activities | | | |
|-------------------------|--------------------------------|---------------------------------------|-----------------|
| Year | General Obligation Bonds | Percentage of Personal Income * | Per Capita * |
| 2006 | 7,530,000 | 0.388% | 135 |
| 2007 | 7,385,000 | 0.388% | 132 |
| 2008 | 7,230,000 | 0.367% | 129 |
| 2009 | 7,070,000 | 0.356% | 126 |
| 2010 | 6,900,000 | 0.354% | 122 |
| 2011 | 15,173,827 | 0.718% | 268 |
| 2012 | 14,966,562 | 0.708% | 265 |
| 2013 | 14,675,479 | 0.680% | 258 |
| 2014 | 14,168,869 | 0.648% | 246 |
| 2015 | 13,602,259 | 0.612% | 236 |

Note: Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements.

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City of Arcadia
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2015

| | |
|------------------------------------|-------------------------|
| Assessed Taxable Value | \$ 12,808,677,947 |
| Debt Limit (15% of assessed value) | 1,921,301,692 |
| Debt Applicable to limit: | |
| Total Bonds Payable | 13,602,259 |
| Legal Debt Margin | <u>\$ 1,907,699,433</u> |
| Percent of Charter Debt Limit | 0.71% |

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Debt Limit | \$ 1,167,550,626 | \$ 1,283,316,169 | \$ 1,365,739,062 | \$ 1,450,534,184 | \$ 1,461,040,845 |
| Total net debt applicable to limit | <u>25,405,000</u> | <u>24,625,000</u> | <u>23,800,000</u> | <u>22,930,000</u> | <u>22,015,000</u> |
| Legal debt margin | <u>\$ 1,142,145,626</u> | <u>\$ 1,258,691,169</u> | <u>\$ 1,341,939,062</u> | <u>\$ 1,427,604,184</u> | <u>\$ 1,439,025,845</u> |
| Total debt applicable to the limit | 2.18% | 1.92% | 1.74% | 1.58% | 1.51% |

Source: Los Angeles County Assessor's office, City of Arcadia financial reports

Notes: Under State Finance Law, the City's outstanding general obligation debt shall not exceed 15 percent of total assessed property value. The general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation debt.

City of Arcadia
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years

| | 2011 | 2012 | 2013 | 2014 |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Debt Limit | \$ 1,548,231,832 | \$ 1,591,549,743 | \$ 1,666,145,249 | \$ 1,774,831,776 |
| Total net debt applicable to limit | 41,880,666 | 14,966,562 | 14,675,479 | 14,168,869 |
| Legal debt margin | \$ 1,506,351,166 | \$ 1,576,583,181 | \$ 1,651,469,770 | \$ 1,760,662,907 |
| Total debt applicable to the limit | 2.71% | 0.94% | 0.88% | 0.80% |

Source: Los Angeles County Assessor's office, City of Arcadia financial reports

Notes: Under State Finance Law, the City's outstanding general obligation debt shall not exceed 15 percent of total assessed property value. The general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation debt.

City of Arcadia

Direct and Overlapping Debt

Last Fiscal Year & Nine Years Prior

2014/15

| | Gross Bonded Debt Balance | % Applicable | Net Bonded Debt |
|--|------------------------------|--------------|--------------------|
| <u>Direct Debt</u> | | | |
| Arcadia General Obligation Bond 2011 | \$ 7,579,767 | 100.000% | \$ 7,579,767 |
| Arcadia General Obligation Bond 2012 | 6,022,492 | 100.000% | 6,022,492 |
| Total Direct Debit | 13,602,259 | | 13,602,259 |
| <u>Overlapping Debt</u> | | | |
| Metropolitan Water District Area Upper San Gabriel Valley Area * | 53,296,395 | 1.265% | 674,004 |
| El Monte City School District 2005 Refunding | 13,490,846 | 3.826% | 516,130 |
| El Monte City School District 2004 Series B | 8,095,000 | 3.826% | 309,697 |
| El Monte City School District 2004 Series D | 9,113,484 | 3.826% | 348,662 |
| El Monte City School District 2008 Series A | 16,480,000 | 3.826% | 630,488 |
| El Monte City School District 2008 Series A-1 | 18,540,000 | 3.826% | 709,299 |
| El Monte City School District 2008 Series B | 16,430,000 | 3.826% | 628,575 |
| El Monte City School District 2012 Refunding | 5,998,159 | 3.826% | 229,476 |
| El Monte Union High School District 2002 Series A | 1,105,000 | 1.998% | 22,079 |
| El Monte Union High School District 2006 Refunding | 32,182,565 | 1.998% | 643,037 |
| El Monte Union High School District 2002 Series C | 26,815,000 | 1.998% | 535,788 |
| El Monte Union High School District 2008 Series A | 51,810,339 | 1.998% | 1,035,218 |
| El Monte Union High School District 2008 Series B | 30,278,694 | 1.998% | 604,996 |
| Citrus CCD 2004 Series 2007B | 2,750,000 | 0.190% | 5,218 |
| Citrus CCD 2004 Series 2009C | 7,105,302 | 0.190% | 13,481 |
| Citrus CCD Refunding Bond Series 2013 | 12,320,000 | 0.190% | 23,374 |
| Citrus CCD Series 2004 2014D | 77,687,251 | 0.190% | 147,394 |
| Pasadena Community College 2006 Series B | 25,385,000 | 17.930% | 4,551,635 |
| Pasadena Community College 2002, 2006 Series D | 24,160,000 | 17.930% | 4,331,988 |
| Pasadena Community College 2002, 2009 Series E (BABS) | 25,295,000 | 17.930% | 4,535,498 |
| Pasadena Community College 2014 Refunding Series A | 16,780,000 | 17.930% | 3,008,723 |
| Rio Hondo Community College District Refunding 2005 | 40,012,336 | 0.490% | 195,862 |
| Rio Hondo Community College District 2004 Series 2008 | 120,977,824 | 0.490% | 592,192 |
| Arcadia Unified School District 1993 Series A | 3,107,113 | 96.465% | 2,997,272 |
| Arcadia Unified School District 1993 Series C | 856,360 | 96.465% | 826,086 |
| Arcadia Unified School District Series 2005A Refunding Bonds | 2,400,000 | 96.465% | 2,315,156 |
| Arcadia Unified School District 2006 Series A | 157,065,423 | 96.465% | 151,512,919 |
| Arcadia Unified School District 2006 Series B | 27,000,000 | 96.465% | 26,045,509 |
| Monrovia Unified School District 1997 Series A | 2,121,802 | 0.854% | 18,123 |
| Monrovia Unified School District 2005 Refunding Bonds | 9,999,602 | 0.854% | 85,408 |
| Monrovia Unified School District 2006 Series A | 13,380,000 | 0.854% | 114,281 |
| Monrovia Unified School District 2006 Series B | 16,932,915 | 0.854% | 144,627 |
| Monrovia Unified School District 2006 Series C-1 BABS | 24,530,000 | 0.854% | 209,515 |
| Pasadena Unified School District 2004 Refunding Bonds | 14,005,000 | 0.016% | 2,253 |
| Pasadena Unified School District 2005 Refunding Bonds | 4,585,000 | 0.016% | 738 |
| Pasadena Unified School District 2008 Series 2009 | 21,890,000 | 0.016% | 3,521 |
| Pasadena Unified School District 2008 Series 2009A-2 BABS | 84,680,000 | 0.016% | 13,622 |
| Pasadena Unified School District 2008 Series 2012 | 112,770,000 | 0.016% | 18,141 |
| Pasadena Unified School District 2014 Refunding Bonds Series A | 5,875,000 | 0.016% | 945 |
| Pasadena Unified School District 2014 Refunding Bonds Series B | 92,750,000 | 0.016% | 14,920 |
| Temple City Unified School District 1998 Series A | 2,129,100 | 8.489% | 180,733 |
| Temple City Unified School District 1998 Series B | 4,666,501 | 8.489% | 396,125 |
| Temple City Unified School District 2005 Refunding Bonds | 9,190,000 | 8.489% | 780,112 |
| Temple City Unified School District 2012 Series A | 39,503,164 | 8.489% | 3,353,306 |
| Total Overlapping Debt | | | 213,326,126 |
| TOTAL Direct and Overlapping Debt | | | \$ 226,928,385 |

City of Arcadia
Direct and Overlapping Debt (Continued)
Last Fiscal Year & Nine Years Prior

2014/15

2014/15 Assessed Valuation : \$12,298,291,218 after deducting \$510,386,729 of Increment Value.

Debt to Assessed Valuation Ratios:

| | |
|------------------|--------|
| Direct Debt | 0.110% |
| Overlapping Debt | 1.730% |
| Total Debt | 1.840% |

Note:

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

overlapping debt applicabel 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's boundaries and dividing it by each unit's total taxable assessed value.

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

City of Arcadia
Direct and Overlapping Debt (Continued)
Last Fiscal Year & Nine Years Prior

2005/06

| <u>Direct Debt</u> | Gross Bonded Debt Balance | % Applicable | Net Bonded Debt |
|---|------------------------------|--------------|--------------------|
| Arcadia GO Bond Police Facility Debt Service | \$ 7,530,000 | 100.000% | \$ 7,530,000 |
| Total Direct Debit | 7,530,000 | | 7,530,000 |
| <u>Overlapping Debt</u> | | | |
| LA County Detention Facilities 1987 | 8,395,000 | 1.010% | 84,783 |
| LA County Flood Control Debt | 1,080,000 | 1.052% | 11,364 |
| Metropolitan Water District | 182,369,156 | 1.089% | 1,986,739 |
| El Monte City School District 1999 Series A | 3,480,000 | 3.452% | 120,129 |
| El Monte City School District 1999 Series B | 2,250,000 | 3.452% | 77,670 |
| El Monte City School District 1999 Series C | 3,110,000 | 3.452% | 107,357 |
| El Monte City School District 2004 Refunding Bonds | 28,340,282 | 3.452% | 978,302 |
| El Monte Union School District 1999 Series D | 17,400,000 | 3.452% | 600,645 |
| El Monte Union High School District 2002 Series A | 6,915,000 | 1.818% | 125,724 |
| El Monte Union High School District 2002 Series B & 2006 BOND | 48,874,927 | 1.818% | 888,614 |
| Citrus CCD 2004 Series 2004A | 19,500,000 | 0.150% | 29,260 |
| Pasadena Area Community College District 2002 Series A | 28,040,000 | 16.888% | 4,735,378 |
| Rio Hondo CCD Refunding 2005 | 47,117,244 | 0.473% | 222,813 |
| Rio Hondo CCD Ser A 2004 | 13,965,000 | 0.472% | 65,977 |
| Arcadia Unified School District 1993 Series A | 9,504,101 | 96.303% | 9,152,762 |
| Arcadia Unified School District 1993 Series B | 200,000 | 96.303% | 192,607 |
| Arcadia Unified School District 1993 Series C | 2,861,613 | 96.303% | 2,755,828 |
| Arcadia Unified School District Refunding 1993 2005 Series A | 4,790,000 | 96.303% | 4,612,928 |
| Monrovia Unified School District 1997 Series A | 7,904,056 | 0.692% | 54,676 |
| Monrovia Unified School District 1997 Series B | 9,999,602 | 0.704% | 70,365 |
| Monrovia Unified School District 2005 Refunding Bonds | 12,975,000 | 0.692% | 89,754 |
| Pasadena Unified School District 1997 Series C | 2,495,000 | 0.025% | 615 |
| Pasadena Unified School District 1997 Series D | 1,300,000 | 0.025% | 320 |
| Pasadena Unified School District 2004 Refunding Bonds | 82,085,000 | 0.025% | 20,237 |
| Pasadena Unified School District 2005 Refunding Bonds | 126,370,000 | 0.025% | 31,154 |
| Temple City Unified School District 1998 Series A | 4,578,249 | 8.467% | 387,649 |
| Temple City Unified School District 1998 Series B | 5,351,501 | 8.467% | 449,735 |
| Total Overlapping Debt | | | 27,853,385 |
| TOTAL Direct and Overlapping Debt | | | \$ 35,383,385 |

2005/06 Assessed Valuation : \$7,443,046,717 after deducting \$340,624,126 of Increment Value.

| | | |
|------------------------------------|------------------|--------|
| Debt to Assessed Valuation Ratios: | Direct Debt | 0.100% |
| | Overlapping Debt | 0.370% |
| | Total Debt | 0.480% |

Note:

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

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. 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's boundaries and dividing it by each unit's total taxable

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

City of Arcadia
Demographic and Economic Statistics
Last Ten Calendar Years

| Year | Population | Personal Income (in Thousands) | Per Capita Personal Income | Unemployment Rate |
|------|------------|--------------------------------------|-------------------------------------|----------------------|
| 2005 | 55,923 | 1,800,922 | 32,204 | 3.00% |
| 2006 | 55,932 | 1,899,339 | 33,958 | 2.60% |
| 2007 | 56,015 | 1,967,469 | 35,124 | 2.80% |
| 2008 | 56,079 | 1,984,831 | 35,393 | 4.20% |
| 2009 | 56,337 | 1,946,383 | 34,549 | 6.70% |
| 2010 | 56,719 | 2,111,932 | 37,235 | 7.30% |
| 2011 | 56,546 | 2,115,216 | 37,407 | 7.10% |
| 2012 | 56,866 | 2,156,700 | 37,926 | 5.30% |
| 2013 | 57,500 | 2,185,058 | 38,001 | 4.30% |
| 2014 | 57,526 | 2,221,309 | 38,614 | 4.80% |

Source: US Bureau of Census, Employment Development Department

City of Arcadia
Principal Employers
Last Fiscal Year & Nine Years Prior

| 2015 | | | |
|---|-----------|------|-------------------------------------|
| Employer | Employees | Rank | Percentage of Total City Employment |
| Macy's West | 350 | 1 | 2.43% |
| Nordstrom Inc | 330 | 2 | 2.29% |
| Worley Parsons Group, Inc | 221 | 3 | 1.53% |
| J C Penney Corp, Inc # 1417-5 | 204 | 4 | 1.41% |
| The Cheesecake Factory Restaurants, Inc | 170 | 5 | 1.18% |
| J T Posey Company | 162 | 6 | 1.12% |
| 99 Ranch Market 7 | 159 | 7 | 1.10% |
| Roze Room Hospice Of S G V | 145 | 8 | 1.00% |
| Forever 21, Retail, Inc | 131 | 9 | 0.91% |
| Coldwell Banker Residential Real Estate | 122 | 10 | 0.85% |
| Total | 1994 | | 13.82% |

| 2005 | | | |
|-------------------------------|-----------|------|-------------------------------------|
| Employer | Employees | Rank | Percentage of Total City Employment |
| Vons Companies Inc | 592 | 1 | 4.35% |
| Nordstrom Inc | 372 | 2 | 2.73% |
| Dave & Buster's | 300 | 3 | 2.21% |
| Macy's West | 264 | 4 | 1.94% |
| Robinson's May | 264 | 5 | 1.94% |
| Worley Parsons Group, Inc | 249 | 6 | 1.83% |
| J C Penney Corp, Inc # 1417-5 | 215 | 7 | 1.58% |
| J T Posey Company | 185 | 8 | 1.36% |
| Rusnak | 162 | 9 | 1.19% |
| Emergency Groups Office | 156 | 10 | 1.15% |
| Total | 2759 | | 20.28% |

Source: Business License Division, City of Arcadia

City of Arcadia
Full-time City Government Employees by Function/Program
Last Ten Fiscal Years

| Function/Program | Full-time Employees budgeted as of June 30 | | | | | | | | | |
|-------------------------|--|------|------|------|------|------|------|------|------|------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Government: | | | | | | | | | | |
| City Manager | 6 | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| City Clerk | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 3 | 4 | 4 |
| City Attorney | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Administrative Services | 16 | 15 | 15 | 15 | 16 | 16 | 16 | 16 | 16 | 16 |
| Police | 110 | 109 | 111 | 105 | 100 | 101 | 100 | 96 | 94 | 94 |
| Fire | 58 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 58 | 58 |
| Public Works: | | | | | | | | | | |
| Streets | 25 | 25 | 24 | 24 | 25 | 24 | 24 | 25 | 25 | 25 |
| Water & Sewer | 30 | 30 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |
| Garage | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 |
| Development: | | | | | | | | | | |
| Community Development | 20 | 20 | 20 | 19 | 18 | 19 | 20 | 20 | 21 | 23 |
| Redevelopment | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Engineering | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Recreation | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 |
| Library | 21 | 21 | 20 | 20 | 20 | 19 | 19 | 19 | 19 | 19 |
| Total | 309 | 306 | 309 | 301 | 295 | 296 | 295 | 292 | 293 | 295 |

Source: Administrative Services Department, City of Arcadia

City of Arcadia
Operating Indicators by Function/Program
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|--|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Police: | | | | | | | | | | |
| Physical Arrests | 1,845 | 1,688 | 1,914 | 1,918 | 2,151 | 2,094 | 2,076 | 2,053 | 2,404 | 2,103 |
| Parking Violations | 8,396 | 7,767 | 16,413 | 16,053 | 16,415 | 14,686 | 13,056 | 10,908 | 13,211 | 14,348 |
| Moving & Non-Moving Violations | 3,288 | 3,035 | 4,700 | 6,314 | 6,394 | 5,258 | 5,202 | 6,560 | 6,158 | 5,885 |
| Fire: | | | | | | | | | | |
| Emergency Responses | 4,555 | 4,678 | 4,728 | 4,526 | 4,560 | 4,575 | 4,944 | 4,379 | 4,960 | 4,123 |
| Fires Extinguished | 147 | 198 | 170 | 159 | 142 | 116 | 146 | 74 | 126 | 111 |
| Inspections | 2,736 | 3,425 | 3,297 | 3,722 | 3,970 | 4,029 | 3,874 | 3,514 | 4,732 | 4,089 |
| Public Works: | | | | | | | | | | |
| Street Slurry Resurfacing (SF) | 2,533,500 | 3,190,187 | 2,624,496 | 3,185,513 | 2,977,209 | 2,549,861 | 2,309,300 | 3,231,925 | 2,936,698 | 3,341,306 |
| Sidewalk Repaired (SF) | 3,452 | 9,755 | 3,279 | 4,621 | 3,279 | 17,081 | 18,859 | 12,475 | 11,435 | 11,300 |
| Curb & Gutter Repaired (LF) | 2,129 | 3,130 | 3,791 | 2,110 | 3,791 | 2,205 | 1,273 | 1,662 | 6,067 | 1,793 |
| Street Lights Repaired | 198 | 191 | 232 | 244 | 238 | 130 | 290 | 240 | 116 | 106 |
| Economic Development: | | | | | | | | | | |
| Street Resurfacing (SF) | 250,000 | 250,000 | 614,400 | 384,000 | 432,000 | 412,000 | 163,520 | 170,331 | 269,450 | 44,000 |
| Building Permits | 1,590 | 1,374 | 1,226 | 1,165 | 1,251 | 1,254 | 1,096 | 1,419 | 1,548 | 1,615 |
| Planning Cases Submitted and Processed | 411 | 407 | 372 | 412 | 410 | 414 | 466 | 543 | 680 | 655 |
| Parks and Community Services: | | | | | | | | | | |
| (Number of Participation) | | | | | | | | | | |
| Youth Programs | 3,687 | 3,710 | 3,809 | 44,990 | 66,766 | 51,032 | 53,511 | 50,122 | 45,010 | 50,800 |
| Swim Program | 15,978 | 17,590 | 11,987 | 10,203 | 17,818 | 8,918 | 31,963 | 11,577 | 7,915 | - |
| Senior Citizen Programs | 105,111 | 96,872 | 90,993 | 86,620 | 83,620 | 84,898 | 87,943 | 90,422 | 86,099 | 82,671 |
| Contract Classes/Adult Programs | 102,130 | 128,065 | 201,543 | 144,529 | 181,562 | 205,692 | 122,669 | 123,527 | 130,189 | 138,032 |
| Community Center Rental Usages | 25,827 | 25,703 | 23,896 | 20,434 | 19,665 | 18,457 | 17,496 | 15,765 | 12,730 | 12,391 |
| Special Events | | | | 12,950 | 12,250 | 13,400 | 11,165 | 8,900 | 8,553 | 19,576 |
| Dana Gym | | | | | 4,100 | 58,200 | 9,846 | 18,496 | 19,563 | 20,168 |
| Wilderness Park Classes & Rentals | | | | | | 5,958 | 5,670 | 5,959 | 5,729 | 5,871 |
| Library: | | | | | | | | | | |
| Books and other items total | 159,278 | 160,514 | 184,827 | 191,139 | 196,905 | 203,460 | 206,020 | 204,642 | 205,658 | 205,107 |
| Total Circulation | 703,652 | 686,108 | 712,482 | 728,311 | 725,397 | 728,878 | 775,481 | 789,354 | 792,333 | 685,362 |
| Water: | | | | | | | | | | |
| Number of Water Accounts | 13,609 | 13,650 | 13,670 | 13,990 | 13,665 | 13,728 | 14,011 | 14,021 | 13,651 | 13,942 |
| Total Water Served to Direct Customer (AF) | 16,206 | 22,190 | 17,257 | 16,703 | 14,261 | 13,500 | 14,988 | 15,495 | 15,704 | 15,325 |
| Sewer: | | | | | | | | | | |
| Sewer Cleaning (Miles) | 151 | 152 | 152 | 155 | 246 | 142 | 187 | 227 | 226 | 227 |
| Transit Services/Dial-A-Ride: | | | | | | | | | | |
| Total Route Miles (round-trip) | 333,273 | 297,278 | 261,757 | 268,743 | 272,719 | 258,992 | 263,844 | 292,742 | 296,004 | 251,420 |
| Passengers | 129,841 | 119,202 | 107,327 | 109,149 | 117,288 | 110,364 | 109,613 | 126,044 | 130,134 | 112,398 |

Source: Various City Departments

City of Arcadia
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 18 | 18 | 17 | 18 | 18 | 20 | 20 | 22 | 23 | 23 |
| Motor Units | 3 | 3 | 4 | 4 | 4 | 2 | 2 | - | - | - |
| Fire Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Streets: | | | | | | | | | | |
| Streets (miles) | 148 | 148 | 148 | 148 | 148 | 148 | 148 | 148 | 148 | 148 |
| Streetlights | 1,616 | 1,628 | 1,628 | 1,628 | 1,628 | 1,628 | 1,640 | 1,640 | 1,642 | 1,642 |
| Traffic Signals | 64 | 64 | 67 | 67 | 67 | 67 | 67 | 67 | 69 | 69 |
| Parks and Community Services: | | | | | | | | | | |
| Total Park Acreage | 166 | 166 | 166 | 166 | 166 | 166 | 166 | 166 | 166 | 166 |
| Playgrounds | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Tennis Courts | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Baseball/softball diamonds | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Soccer/football fields | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Gymnasium | | | | | | 1 | 1 | 1 | 1 | 1 |
| Water: | | | | | | | | | | |
| Water Main (miles) | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 |
| Fire Hydrants | 1,495 | 1,430 | 1,497 | 1,420 | 1,427 | 1,506 | 1,529 | 1,530 | 1,534 | 1,539 |
| Storage Capacity (millions of gallons) | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| Wastewater: | | | | | | | | | | |
| Sanitary Sewers (miles) | 135 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 |
| Storm Sewers (miles) | 6 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Library | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Transit Services/Dial-A-Ride: | | | | | | | | | | |
| Transit Buses | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |

Note: Include only properties owned by the City

Source: Various City Departments

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