



City of
Arcadia
California
Comprehensive
Annual
Financial
Report
June 30, 2016

**CITY OF ARCADIA
ARCADIA, CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by:

ADMINISTRATIVE SERVICES DEPARTMENT

Hue Quach, Director

240 West Huntington Drive
P.O. Box 60021
Arcadia, CA 91007

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For the Fiscal Year Ended June 30, 2016

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December 21, 2016

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 fiscal year ended June 30, 2016, 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, 2016, 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 fiscal year ended June 30, 2016. The independent auditor concluded, based upon the audit that the City of Arcadia's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The auditor's report is presented as the first component of the financial section of this report. Accounting principles generally accepted in the United States of America 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 57,000 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 fixed route and 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. 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.

LOCAL ECONOMY (CONTINUED)

During Fiscal Year 2015-16, Arcadia continued to benefit from the steady economic improvements that are seen statewide. A blend of steady growth in the labor market, low interest rates, and minimal inflation have stimulated household spending and encouraged business investment. The combinations of these market forces have continued to improve the City's overall tax base. One exception is the Utility Users Tax that declined in fiscal year 2015-16 due to water conservation efforts in response to the drought in the State of California and the overall reduction of electricity and telecommunication rates. Although construction and development activities continues to remain strong in Arcadia, growth has likely reached its peak during the year as the number of permits that were pulled have decreased and fees relating to plan check and building permits are just slightly above that of the prior fiscal year.

FISCAL YEAR 2015-16 ACTUALS

For the fiscal year ending June 30, 2016, General Fund Group including the internal service funds resulted in a surplus of \$2.4 million. Total revenues had an aggregate total increase of \$2.1 million or 3.7% in comparison to the prior year. Taxes and Charges for Services were the biggest contributors to the increases, which were \$1.8 million and \$0.6 million, respectively. Among major tax categories, Property Tax had the largest growth of \$1.3 million, the increase in Sales Tax revenue was approximately \$0.7 million, and Transient Occupancy Tax had an increase of \$0.2 million. The collection of Utility User Tax decreased as water conservation was implemented to cope with the statewide drought. Franchise Tax declined nominally due to the reduction of activities at the rock quarry. The increase in Charges for services could be attributable to more services provided by public safety and revenue generated by recreation activities. When comparing to the budget, total revenue exceeded the final adopted budget by \$2.1 million, or 3.6%. Tax revenue total was slightly below the budget: the higher than expected budgeted Property and Transient Occupancy Taxes were offset by the lower than expected receipts from Sales Tax and Utility User Tax. Fines and Forfeiture was the other revenue category with a negative budget variance due to less collection on citation fines. All other key revenue categories exceeded the projection.

General Fund Group expenditures completed the year with \$3.1 million, or 5.1% under the final budget. Personnel cost had a significant savings of \$1.1 million as a result of more than expected employee vacancies and turnovers, and the underspending in equipment replacement costs was approximately \$1.7 million. It is important to note that most of the equipment budget balances were for uncompleted projects, and have been carried over to the following fiscal year. Most of the City departments ended the fiscal year with a positive budget variance with a few exceptions. The City Clerk's office exceeded its budgeted expenditure due to a slight cost increase with the City election. The Fire department incurred additional strike team overtime because of the wildfires that occurred throughout the State. However, as part of the mutual-aid response agreement, these overtime cost will be reimbursed by the State over the next fiscal year. When comparing to the prior year actuals, General Fund Group expenditures increased \$5.5 million. The increase was attributed to higher pension contribution rates, more activities and payments towards general liability and workers' compensation claims, and the replacement of major equipment and vehicles including 2 street sweepers and 3 ambulances. Additionally, during the fiscal year, the City established an Other Postemployment Benefit (OPEB) Trust with an initial prefunding of \$1.3 million.

More details on the financials of General Fund and other City Funds are available in the Management's Discussion and Analysis (MD&A).

FISCAL YEAR 2016-17 BUDGET

As presented, the proposed FY 2016-17 General Fund Operating Budget anticipates Total Operating Revenues of \$62.4 million and Operating Expenses at \$59.1 million, including new programs added for FY 2016-17. It also includes approximately \$3.4 million in transfers to major capital funds to fund future significant maintenance and replacement needs. Those transfers are allocated as follows:

- Capital Improvement Fund - \$2.0 million
- Equipment Replacement Fund - \$900,000
- New City Hall Reserve Fund - \$500,000

FISCAL YEAR 2016-17 BUDGET (CONTINUED)

The Budget reflects a slow but steady improvement to the regional economy over the past five years. The labor market has significantly improved as is nearing its lowest unemployment rate since the 2008 Great Recession; nevertheless, consumer confidence and discretionary spending have remained sluggish. Locally, housing developments have leveled off after many years of generous growth. Fortunately, Arcadia's outlook continues to outpace many other cities within Los Angeles County. In general, this year's operating budget continues to show a basic operating surplus, allowing for the continuation of deposits into Capital and Equipment Funds.

For FY 2016-17, total General Fund revenues are expected to increase 2.89% compared to FY 2015-16 year ending estimates. The largest revenue source to the City's General Fund is from Taxes. The key revenues under this group are: Property Tax, Sales Tax, Transient Occupancy Tax, Utility Users' Tax, and Motor Vehicle License Fees. Their projected receipts are shown in the table below.

| Description | FY 2015-16 YE Estimates | FY 2016-17 Proposed Budget | Difference | % Change |
|----------------------------|-------------------------|----------------------------|--------------|----------|
| Property Tax | \$ 12,973,200 | \$ 13,621,000 | \$ 648,700 | 5.0% |
| Sales Tax | \$ 11,420,700 | \$ 11,248,000 | \$ (172,000) | -1.5% |
| Transient Occupancy Tax | \$ 3,406,300 | \$ 3,577,000 | \$ 170,700 | 5.0% |
| Utility Users' Tax | \$ 6,714,500 | \$ 6,721,200 | \$ 6,700 | 0.1% |
| Motor Vehicle License Fees | \$ 6,136,900 | \$ 6,442,100 | \$ 305,200 | 4.9% |

Property Tax: The City expects to continue to benefit from the recent growth in new home sales. Although home valuations may have leveled off from the peaks seen in 2014, many new homes continue to be reflected in the latest assessment rolls that are assessed at a much higher rate than in previous years. This is not only due to an increase in home sizes in the community but also to the inflationary controls put in place under Proposition 13 keeping the long-held homes at an artificially low assessed value until they resell. As such, the City expects to continue to see a growth in property tax receipts in the range of 5.0%, or nearly \$650,000 for FY 2016-17.

Sales Tax: In FY 2015-16, this category received an \$824,000 one-time supplemental payment due to the State's early retirement of its Economic Recovery Bonds. As such, when comparing the proposed FY 2016-17 to that of FY 2015-16, there is a decrease of \$172,000, or -1.5%. However, after adjusting for that one-time payment, the proposed sales tax revenue is expected to see a 4.9% increase over the prior year. This is due to the continued strength of the Westfield Santa Anita Mall as well as the new Rusnak Mercedes-Benz dealership coming online.

Transient Occupancy Tax: This tax category is expected to benefit from an improving labor market (low unemployment rate), which is expected to fuel higher business and recreational travel, continuing a trend of high occupancy rates and increasing per room charges. Additionally, the return of Breeders' Cup to Arcadia in November 2016 will draw travelers to this event and provide added occupancy tax revenue from their visit. The projection for FY 2016-17 is \$3.6 million, a 5.0% increase over the previous Fiscal Year.

Utility Users' Tax: Utility Users' Tax (UUT) is projected to be flat when compared to the FY 2015-16 Year Ending Estimate. Water conservation is expected to continue in response to the ongoing drought and the new rate structure that was implemented earlier this year. Additionally, the use of telephone landlines is becoming more obsolete as the general public is adapting to cellular phones and, with the assortment of cellular plans becoming more abundant, competition has driven costs down. The proposed FY 2016-17 projected UUT is \$6.7 million, 0.1% greater than FY 2105-16.

FISCAL YEAR 2016-17 BUDGET (CONTINUED)

Motor Vehicle License Fees (VLF): This tax is projected to increase by 4.9%, to \$6.4 million. Revenues from this line item are largely tied to annual property assessed valuation. Because of this, the City has benefitted from many years of generous growth and will continue to do so in the next Fiscal Year.

Other major revenue categories such as Franchise Tax and Licenses and Permits are projected to have little change compared to FY 2015-16. Unlike the peak of FY 2013-14, Building and Plan Check fees are expected to return toward their “normal” levels at around \$1.3 million. All other revenue categories for the General Fund are expected to have modest growth for the coming Fiscal Year.

Total operating expenditures are expected to grow 3.6%. The Operating Expenditure budget continues to maintain the same high level of services with no material increases. Where possible, line items have been reduced to reflect efficiencies that have been implemented over time and to remove any potential for waste. The most significant increases relate to the labor agreement contracts (salaries & medical benefits) and the continuing rise of pension costs in order to make retirement funding more sustainable.

New to the operating budget is an ongoing \$650,800 line item for contributions into the Other Post Employment Benefit (OPEB) Trust Fund. An OPEB Trust Fund allows the City to save today for known medical and associated retirement benefits costs in the future. The increase in value over time of the funds invested reduces the City’s overall costs of providing these benefits. In FY 2015-16, the City Council gave direction to start funding an OPEB Trust account by using approximately \$1.3 million of the savings that was set aside when payments to CalPERS were not required due to their surplus status in the late 1990’s. The initial cash injection into an OPEB Trust account is a very important first step; however, in order to truly meet the annual requirement and eliminate the unfunded liability, the City will need to continue making additional annual payments into the Trust account. The combination of significant pension reforms put into place in previous years and the prepayment of these legacy benefits will provide greater financial security to the community.

While some new services have been added to meet community demands and some natural inflationary increases have been included – mostly due to increases in the minimum wage and rising healthcare costs for private businesses that contract with the City – the majority of the increases are negligible and have no material effects to the overall operating expenditures.

On a positive note, General Liability costs are projected to decrease due to decreasing claims against the City and settling some significant cases. Also, no increase is expected in Worker’s Compensation costs after several years of notable increases. The City continues to develop on the Wellness and ergonomic programs that were started last year, to further its effectiveness in mitigating potential future claims.

Newly Proposed Programs

New programs and expenditures are anticipated from various departments to respond to evolving operational needs as well as to respond to direction received at City Council study sessions and City Council meetings. The new programs total \$204,400, of which \$151,500 are one-time costs. They include:

- Citywide Design Guidelines Update (\$75,000): The City’s Design Guidelines were last updated in 2009. As part of the recent Zoning Code Update process, it became apparent that it will be necessary to also modernize the Guidelines that provide clarity for developers and property owners on how to best implement the City’s standards. Overall, the update to the Guidelines will encourage better design in the community.
- Breeders’ Cup Marketing and Outreach Efforts (\$40,000): The Breeders’ Cup returns to Santa Anita Park in November 2016. The City has always had a good relationship with Santa Anita and the Breeders’ Cup, and has cooperated with both entities on marketing and outreach efforts. This typically includes banner placement throughout the City, use of Arcadia Transit to get visitors from the hotels to the Racetrack, flyers for the Breeders’ Cup ticket packages, special events, and other coordination efforts.
- Replace Existing Banners in Downtown Arcadia (\$12,000): The Banners along streets in Downtown Arcadia were put up around 2008. They are looking worn, sun bleached, and damaged. New banners are requested to be placed throughout the Downtown.

FISCAL YEAR 2016-17 BUDGET (CONTINUED)

- Police Service Dog K-9 Program (\$23,100): To enhance the effectiveness and capabilities of the Police Department, the City will be deploying a police K-9 for patrol operations and support services. This will include things such as building searches, suspect apprehensions, and community outreach efforts. Many years ago, the City had a K-9 program, but it was cancelled due to budgetary restrictions at that time. The newly-formed Arcadia Police Foundation has offered to pay start-up costs for supplies and training totaling \$39,000, as well as recurring maintenance costs of \$4,000 annually for the animal. The K-9 handler will be selected from existing personnel resources; therefore, an additional employee is not required. The costs associated with this new program will be for stipends to take care of the K-9 off-duty as well as actual call-outs and usage during non-scheduled hours (i.e., overtime).
- Upgrade of Principal Civil Engineer Position (\$13,400): This will allow for the addition of a “Principal Civil Engineer” into the Development Services Department, providing a bridge between the City Engineer and Associate Engineer positions. This would be an upgrade to an existing position and will aid in employee retention, growth, and succession planning.
- Outsource Parking Citation Billing/Collection Process (\$22,400): The City’s parking citation/permit software is outdated and the platform on which the database resides is no longer supported by the technology industry. In addition, the software requires the majority of an existing City employee’s time to run and maintain. By outsourcing the entire parking citation process and transitioning to an online platform, the end user interface will be modernized, greater convenience will be experienced by those paying citations, and staff time will be reduced, which will allow for additional financial management tasks to be addressed. The vendor will provide the services for ticket issuance, payment processing, delinquent notice mailing, citation contesting, hearing scheduling, customer service, collection of delinquent accounts, and a parking permit program on annual subscription basis. All transactions will be processed through an online portal, and can be viewed and used by City staff through the internet. The estimated cost for the proposed hybrid solution is determined to be less than the costs of purchasing a new program for City staff to continue operating.
- Street Banners at Santa Anita/Foothill & Huntington (\$3,500): This would allow for the purchase of hardware to hang additional promotional banners for various events along a key corridor in the community. The hardware will be placed on the 20 street light poles located along Santa Anita Avenue between the 210 Freeway and Huntington Drive.
- Coyote Education Program (\$15,000): In recent years, the community has noted increased coyote populations, which has resulted in increased calls of concern from residents. This program would allow for additional funding for education and outreach efforts regarding best practices for dealing with coyotes in the community.

Beyond FY 2016-17

While the City’s 5-Year Financial Forecast projects revenues to grow modestly over the next several years, the Forecast also anticipates rising costs in several areas. Most notably, while the major pension reforms previously agreed to by the City’s labor groups will have a long-term positive effect on the budget and increased funding into retirement programs will ensure sustainability, pension costs will continue to increase significantly over the next decade. 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.

More details on the City’s budget are available on the City’s website.

DEBT ADMINISTRATION

As of June 30, 2016, the City has outstanding balance of \$6,925,000 for the Series 2011 General Obligation Bonds and \$5,450,000 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.

In September 2016, Standard and Poor's raised the credit rating on the City's General Obligation Bonds from "AA+" to "AAA" while affirming the stable outlook, which is the highest credit rating only given to organizations with outstanding economic outlook. S&P's rating assessment for the City included:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA)
- Strong management, with good financial policies and practices under S&P's Financial Management Assessment (FMA) methodology;
- Very strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2015;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2015 of 77% of operating expenditures;
- Very strong liquidity, with total government available cash at 1.5x total governmental fund expenditures and 90.0x governmental debt service, and access to external liquidity we consider strong;
- Very strong debt and contingent liability position, with debt service carrying charges at 1.7% of expenditures and net direct debt that is 47.8% of total governmental fund revenue, as well as low overall net debt at less than 3% of market value and rapid amortization, with 71.7% of debt scheduled to be retired in 10 years, but a large pension and other postemployment benefit (OPEB) obligation

BUDGETARY CONTROL

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.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST

As part of the budget adoption for fiscal year 2015-16, the City Council approved an initial contribution of \$1.4 million to establish an irrevocable trust for the City's unfunded liability relating to Other Postemployment Benefits (OPEB). The City provides retiree medical benefits through the CalPERS Health Program to eligible retired employees, and the City's unfunded actuarial accrued liability (UAAL) at June 30, 2015 was estimated to be \$18.0 million based on a valuation actuarially determined in accordance with the parameters of GASB Statement 43 & 45. In June 2016, the City Council authorized an agreement with California Employers' Retiree Benefit Trust (CERBT) to provide administration services for an Internal Revenue Code section 115 irrevocable trust for the City's OPEB liability, and make the initial contribution according to the adopted budget. This is another step the City took to ensure its long term financial sustainability. The trust funds could be invested in longer-term and higher-yielding assets to match its long-term obligation on providing health benefits to retirees. With a well management plan, the investment returns could be a significant part of the funding source for paying down the benefits. Establishing and funding an OPEB trust should result in a lower total cost to the City.

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

- Completion of Fiber Optic communications connection to Public Work's facility located at the south end of City limits;
- Completed the second phase of the plan to transition the City's current telephone system to a Voice-Over-Internet Protocol (VOIP) system;
- Perform an audit of the City's deferred compensation plans to insure the City's plans meet or exceed industry standards;
- Complete an informal request for proposals for industrial clinic services including pre-employment physicals and medical services for injured workers;
- Continue to enhance the City's Wellness Program to help support healthy behavior in the workplace and help employees improve their health.

Police Services

- Established 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;
- 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;
- 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;
- Established 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;
- Developed 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;
- Established the 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;
- Established a regional mental health evaluation team with neighboring jurisdictions and collaborate with a Clinician of the LA County Department of Mental Health for the purpose of developing protocols and resources for dealing with persons with mental health issues.

MAJOR ACCOMPLISHMENTS (CONTINUED)

Fire Services

- Implemented paperless technologies for the Fire Department's records management, vehicle maintenance documentation, and fire prevention inspections;
- Deployed the updated Telestaff Program, an automated web-based scheduling system that optimizes the department's payroll, scheduling, and workforce management;
- Initiated succession planning through implementation of Fire Officer's Academy and Fire Engineer's Academy;
- Provided 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, managed and coordinated the City's first Emergency Preparedness Expo in September 2015 at the Arcadia's Community Services Center.

Public Work Services

- Updated the City's 2010 Urban Water Management Plan (UWMP) as required by State Law. The update included an assessment of 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;
- Implemented a new asset management program to enable the Public Works Services Department to efficiently and effectively track, manage, and store work requests and work orders;
- Updated the electrical feed point for outdoor lighting at the 18-hole Par 3 Golf Course;
- Removed underground storage tank and fueling equipment at Fire Station 106.

Development Services

- Worked extensively with Gold Line Construction Authority on opening rail passenger service with station in Arcadia. Completed Transit Plaza and all manner of construction through the City;
- Completed Federal Safe Routes to School project in the neighborhood of Hugo Reid Elementary School;
- Began new fixed-route Transit System through Arcadia Transit to meld with existing Dial-a-Ride system;
- Rusnak Mercedes Benz was opened, \$30 million investment in Downtown Arcadia;
- Installed numerous cameras and Intelligent Transportation Systems equipment to improve traffic flow at key intersections citywide;
- Completed major overhaul of the City's single-family residential development standards;
- Completed 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;
- Completed citywide Historic Resources Survey;
- Complete entitlements for 1.6 million square foot logistics facility;
- Coordinate with Westfield Santa Anita on continued mall developments and modernization.

MAJOR ACCOMPLISHMENTS (CONTINUED)

Recreation and Community Services

- As part of the Special Olympic Host Town Committee, hosted athletes at Wilderness Park and the Concert in the Park featuring music from Trinidad and Tobago, one of the countries hosting;
- Hosted Free Community Summer Dance Night along with the Arcadia Unified School District and the Arcadia Performing Arts Center Foundation;
- Held Emergency Preparedness Expo at the Community Center in collaboration with Arcadia Unified School District, American Red Cross, Methodist Hospital, Congress Woman Judy Chu's Office, and Assemblyman Ed Chows Office;
- Participated in Los Angeles County's Needs Assessment;
- Collaborated with LaJaJa Kids to host the Kids Expo and Charity Bike Ride;
- Collaborated with AUSD to assist/develop next generation of youth in sports;
- Planned the Arcadia's Grand Opening Gold Line Celebration in March 2016.

Library and Museum Services

- Completed the process of connecting to the California Research and Education Network (CalRen), a high-capacity network designed to meet the unique requirements of public libraries by providing significantly higher speed of broadband connectivity. This higher speed connectivity coupled with the acquisition of new equipment, replacement of network hardware and data cable infrastructure, has resulted in significantly increased numbers of Wi-Fi users and data usage;
- Developed a space utilization plan of action to address requests from the community for more seating and upgraded technology in the Library;
- The Museum received funding from the Museum Foundation and Friends of the Museum to have a life-like figure of Elias J. "Lucky" Baldwin constructed for the Museum.

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

- Continue with the third and final phase of 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;
- Audit the City's classification specifications to ensure the current job functions match the job specifications and that they comply with all applicable laws;
- Prepare for contract negotiation due to expiring contracts with employee associations to include review of Memorandum of Understanding (MOU) and salary and benefit classification study;
- Work with each department and bargaining group on updating the simplifying languages in the City's Personnel Rules and Regulations.
- Evaluate/implement digital time keeping software to replace paper timesheets. Proposed software will link directly with financial software to reduce staff time due to manual entry and reduce data entry errors.
- Research and evaluate various electronic bid solicitation software and services to expand the City's vendor Review and update the City's current limited purchased order threshold, revise the Purchasing Manual accordingly and provide training to city employees on Purchasing Rules and Regulations.

FUTURE INITIATIVES (CONTINUED)

Police Services

- Continue to build the Department's social media platform in order to increase Department presence, investigative resources, crime awareness, and community engagement;
- Develop and implement bi-annual ADA Telecommunication training to comply with Section 504 of the Rehabilitation Act;
- 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;
- Further develop the activities of the 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;
- With the support of the Arcadia Police Foundation, establish a K-9 Program to support daily law enforcement operations and enhance the effectiveness of patrol duties such as handler protection, searching techniques, article searches, and narcotics detection; ultimately increasing officer safety, apprehension of suspects, and safety for the community;
- Establish active participation in the Task force for Regional Auto Theft Prevention (Auto T.R.A.P.) Program to recover stolen or felony-related vehicles and apprehend suspects;
- Expand the Department's Automated License Plate Reader (ALPR) program via a strategic build-out plan to combat criminal activity, enhance productivity, and improve officer safety through an increased collection of vehicle license plate information;
- Upgrade the Police Dispatch Center's Customer Premise Equipment (CPR) in order to keep abreast with the ever evolving public safety communication system now called New Generation 911 (NG911), which will transform the outdated system into a digital network that is faster, more efficient, more cost-effective, and safer for the public and law enforcement agencies;
- Expand the Department's GPS Tracking Device Program to increase misdemeanor and felony arrests of suspects committing criminal activities in various regions of the City;
- Implement the new Text-to-911 service offering the public the ability to send a text message to reach 911 emergency call takers from a mobile phone or device.

Fire Services

- Enhance the Fire Prevention Bureau's paperless technologies to its inspection permits and pre-plans.
- Introduce the "Map Your Neighborhood" Program through small neighborhood meetings and various public outreach communities. This program will provide residents informational brochures regarding citywide emergency preparedness;
- Update the Fire Department's Manual of Operations;
- Procure a new pump truck for the department; and in collaboration with the Public Works Services Department, purchase an all-electric vehicle for the Fire Prevention Bureau with funding from the Southern California Air Quality Management District (SCAQMD).

Public Works Services

- Renovate Medians with turf by removing dead turf and installing a combination of ground cover, drought tolerant plants, mulch, decomposed granite and rock features;
- Prepare plans/specs for a new potable well in the Raymond Basin-Pasadena Subarea. The new water well will serve as a source of supply for the City's Water Pressure Zone 2;
- 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;
- Prepare a benefit analysis and engineering report for the establishment of a street lighting district to replace existing antiquated 6.6 street lights;

FUTURE INITIATIVES (CONTINUED)

Public Works Services (Continued)

- To help improve stormwater and non-stormwater runoff water quality and help recharge groundwater, a 20' wide alley located west of Santa Anita Ave. from Le Roy to Camino Real will be renovated to include AC pavement with interlocking permeable pavers in the center and concrete paving on each side. The new design will allow water to infiltrate into the gravel and soil underneath the permeable pavers and bedding;
- Since the approval of the Enhanced Watershed Management Program (EWMP), PWSD staff will continue working with the City of Azusa, Bradbury, Duarte, Monrovia, Sierra Madre, County of Los Angeles, and the Los Angeles County Flood Control District on implementing the EWMP. A compliance checklist and an adaptive management strategy, early action projects, technical feasibility studies, and public outreach plans will be developed;
- Replace two 30" gate valves on the 30" transmission water main on Santa Anita.

Development Services

- Complete next step in Historic Resources Survey by adopting Historic Preservation Ordinance;
- Begin buildout of Arcadia Logistics Center;
- Complete repaving and resurfacing of major arterial (Duarte Road);
- Complete dissolution of Redevelopment Area by selling off former Redevelopment Agency properties (one property remaining);
- Complete improvement projects for downtown parking modifications. Several projects are ongoing to improve and enhance parking in the downtown core;
- Complete a major overhaul of Arcadia Zoning Code. This project is a major modernization of the City's Zoning Code and standards, which will lead to a more user friendly document and will streamline many of the City's procedures;
- Facilitate the 2016 Breeders' Cup at Santa Anita Park;
- Work with selected applicant on the scope and development of a major mixed-use development project in Downtown Arcadia;
- Implementation of major new software upgrade for permit tracking throughout Department;
- Continue to evolve Arcadia Transit system;
- Continue close work with Downtown Arcadia Improvement Association on downtown developments/beautification and special events;
- Work with consultant broker team on economic development initiatives and retail recruitment.

Recreation and Community Services

- Complete the Recreation and Parks Master Plan;
- Continue to support and encourage relationships with volunteer groups, non-profit organizations, service clubs, and local businesses that provide recreational opportunities for the community;
- Establish a Field agreement with the local baseball organizations in Arcadia to update the Civic Center Athletic Field;
- Continue to develop and support volunteer programs in the community;
- 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.

FUTURE INITIATIVES (CONTINUED)

Library and Museum Services Development Services

- Upgrade the Library facility with new carpeting, remodeled/refreshed Technology Center, and increase seating throughout the facility;
- Adapt to evolving needs of the Library's physical collection by shifting items, reconfiguring shelving, and creating new signage;
- Replace existing lighting in the Museum with LED lighting;
- Recognize and celebrate the Museum's 15th Anniversary;
- Review and update the Museum's core documents in order to move 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.

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, 2015. 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,



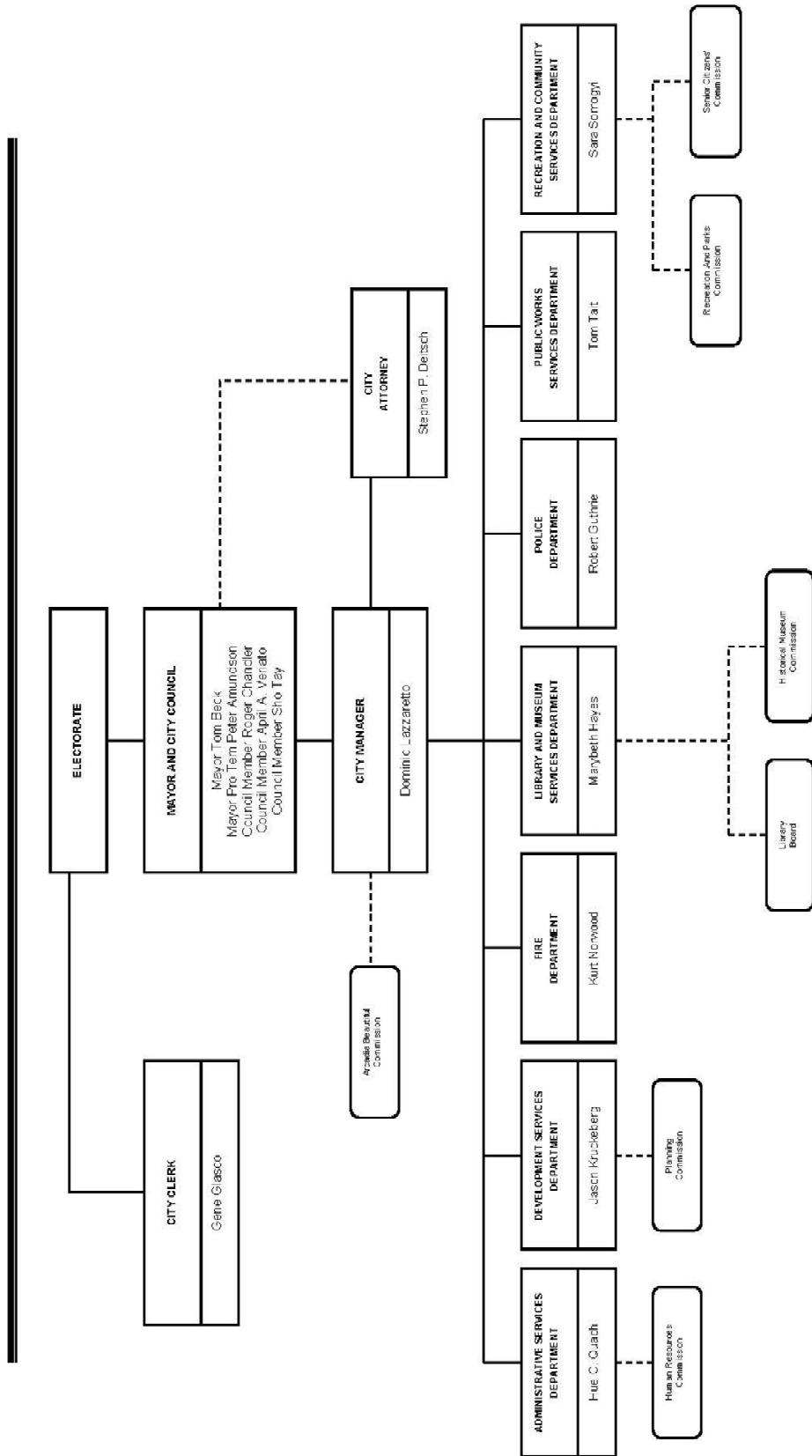
Hue C. Quach
Administrative Services Director



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

City of Arcadia

Organization Chart





CITY OF ARCADIA

Elected Positions and Administration Personnel

June 30, 2016

CITY COUNCIL MEMBERS

| | | <u>Term Expires</u> |
|-----------------|-------------------|---------------------|
| Tom Beck | Mayor | 2018 |
| Peter Amundson | Mayor Pro-Tempore | 2020 |
| Roger Chandler | Council Member | 2018 |
| April A Verlato | Council Member | 2020 |
| Sho Tay | Council Member | 2018 |

CITY CLERK

| | <u>Term Expires</u> |
|-------------|---------------------|
| Gene Glasco | 2020 |

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 |
| Michael Lang | Fire Chief |
| Hue C. Quach | Administrative Services Director |
| Sara Somogyi | Recreation and Community Services Director |
| Tom Tait | Public Works Services Director |



Government Finance Officers Association

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

Presented to

**City of Arcadia
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, appearing to read "Jeffrey P. Evans".

Executive Director/CEO

**PARTNERS**

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN DRIVE, SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

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, 2016, 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, 2016, 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, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Applications*. 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 of the General and Major Special Revenue Funds, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Pension Contributions, and Schedule of Funding Progress on page 5 through 22 and 82 through 88 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 Nonmajor Fund 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 required parts 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 were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Introductory and Statistical 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 21, 2016, 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 21, 2016

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City of Arcadia
Management's Discussion and Analysis
June 30, 2016

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, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

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 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, capital projects, 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 three 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

City of Arcadia
Management's Discussion and Analysis
June 30, 2016

the General Fund, Parks and Recreation Fund and Capital Outlay Fund. Data from the twenty-three other governmental funds are combined into one single, aggregated presentation. Individual fund data for each of these *non-major* 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 45 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 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 82 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. The combining statements and schedules can be found beginning on page 92 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. Total Net Position of the City's Government Activities was \$1.2 million for the fiscal year ending June 30, 2016. The biggest portion of the net position is its net investment in capital assets (e.g. land, infrastructure, buildings and equipment, net of accumulated depreciation and related debt) of \$51.1 million. The restricted net position of \$21.7 million represents resources that are subject to external restrictions on how they may be used. The unrestricted fund balance is a negative \$71.6 million; the deficit was a result of the implementation of GASB statement No. 68 & 71. If the accrued pension liability of \$105.7 million is excluded, the Total Net Position would be \$106.9 million and the unrestricted fund balance would be \$34.1 million that could be used for general City operation.

City of Arcadia
Management's Discussion and Analysis
June 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

City of Arcadia Statement of Net Position
Governmental Activities

| Governmental Activities | 30-Jun-16 | 30-Jun-15 |
|--|--------------|---------------|
| Current and other assets | \$69,684,137 | \$65,273,801 |
| Capital assets (net of accumulated depreciation) | 64,129,917 | 64,255,029 |
| Total assets | 133,814,054 | 129,528,830 |
| | | |
| Deferred outflow of resources | 10,133,075 | 7,860,641 |
| | | |
| Current liabilities | 8,871,353 | 8,194,223 |
| Noncurrent liabilities | 126,966,933 | 118,326,391 |
| Total liabilities | 135,838,286 | 126,520,614 |
| | | |
| Deferred inflow of resources | 6,880,154 | 15,694,953 |
| | | |
| Net investment in capital assets | 51,124,268 | 50,652,770 |
| Restricted | 21,662,679 | 19,584,086 |
| Unrestricted | (71,558,258) | (75,062,952) |
| Total net position | \$1,228,689 | (\$4,826,096) |

City of Arcadia
Management's Discussion and Analysis
June 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

City of Arcadia Statement of Activities
Governmental Activities

| Governmental Activities | 30-Jun-16 | 30-Jun-15 |
|---|--------------------|---------------------|
| Program revenues: | | |
| Charges for services | \$12,327,098 | \$11,610,570 |
| Operating contributions and grants | 4,876,997 | 5,020,312 |
| Capital contributions and grants | 927,837 | 804,556 |
| General revenues: | | |
| Property taxes | 15,149,171 | 13,865,978 |
| Sales taxes | 11,441,622 | 10,427,065 |
| Franchise fees | 1,100,952 | 1,192,519 |
| Utilities user taxes | 6,816,464 | 7,142,118 |
| Transient occupancy taxes | 3,531,944 | 3,365,408 |
| Motor vehicle license taxes | 6,136,906 | 5,641,681 |
| Non-regulatory business license taxes | 1,293,357 | 1,202,350 |
| Other taxes | 1,538,467 | 1,662,956 |
| Investment earnings | 1,856,318 | 1,632,484 |
| Miscellaneous | 3,482,819 | 4,449,792 |
| Total revenues | 70,479,952 | 68,017,789 |
| Expenses: | | |
| General government | 6,890,053 | 7,458,250 |
| Public safety | 34,089,922 | 32,579,734 |
| Public works services | 8,525,715 | 7,741,343 |
| Community development | 6,316,456 | 5,050,382 |
| Library | 3,858,956 | 3,640,914 |
| Recreation and community services | 3,455,024 | 3,310,420 |
| Interest on long-term debt | 417,780 | 434,682 |
| Total expenses | 63,553,906 | 60,215,725 |
| Increase (Decrease) in Net Position before Transfers | 6,926,046 | 7,802,064 |
| Transfers | (871,261) | (817,751) |
| Increase (Decrease) in net position | 6,054,785 | 6,984,313 |
| Net position – Beginning of fiscal year * | (4,826,096) | 92,167,401 |
| Prior period adjustment | 0 | -103,977,810 |
| Net position – End of fiscal year | 1,228,689 | (4,826,096) |

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

City of Arcadia
Management's Discussion and Analysis
June 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

Revenue of Governmental Activities increased \$2.5 million or 3.6% to \$70.5 million for the fiscal year ended June 30, 2016, when compared to the prior year. Key elements of this increase are as follows:

- Charges for Services increased \$0.7 million or 6.2%, compared to the prior year. In addition to the modest growth in construction related permits and inspection fees, service fees from Police, Fire and Recreation departments have also increased. The City continued to benefit from construction activities that were sitting idle due to the sizable back-log of permits that were pulled from the prior year. However, the growth seen over the last four to five years have reached its peak. Based on activities for permit applications, the growth has leveled and is returning to their normal cycle. The year was also active for the Police and Fire departments as the volume of special service demands, such as movies and filming of commercials were higher than the previous year in comparison.
- Operating Contributions and Grants decreased by \$0.1 million or 2.9%. The funding through gas tax and Community Development Block Grant (CDBG) were reduced in current fiscal year in comparison to the prior year. The reduction of gas tax revenue was largely due to falling gasoline prices and lower consumptions due to more hybrid vehicles on the road. The reduction in CDBG grant was due to the decline in the Federal budget and its allocation for block grants.
- Capital Contribution and Grants increased by \$0.1 million. The increase was due to a federal grant for the Hugo Reid Safe Routes to School project, that allowed for side-walk improvements to further enhance the pedestrian infrastructure in the vicinity of Hugo Reid Elementary School.
- Property Tax revenue increased by \$1.3 million or 9.3%, mainly due to the rising property assessed valuation. The City's property assessed valuation continued to grow soundly since the aftermath of the 2008 Great Recession. The high level of services accustomed by its residence, attractiveness of the community that is well known for its beautiful homes, and the highly regarded school district continues to fuel the demand and growth for the real estate in the City.
- Sales Tax increased by \$1.0 million, or 9.7%, mainly due to the one-time supplemental payment of \$0.8 million resulting from the State's early retirement of its Economic Recovery Bonds. The increase of sales tax was approximately 1.8% over the prior year, if the one-time revenue is excluded. In comparison to the Government Fund section, the variance for the two years comparison was reported as 0.7 million. The difference was due to different reporting basis of full accrual vs. modified accrual. More accrual entries are included in the Governmental Activities statements, and only revenue that could be considered as available financial resources are accounted for in the Government Fund statements.
- Franchise fees fell short by \$90,000, or 7.7%, due to the decline of cable franchise fees. The world of the internet along with the generation of savvy tech users have transformed the media world to an on demand model as oppose to the traditional monthly subscription service. The effects of this transformation has resulted in the lower overall cable franchise fees to the City.

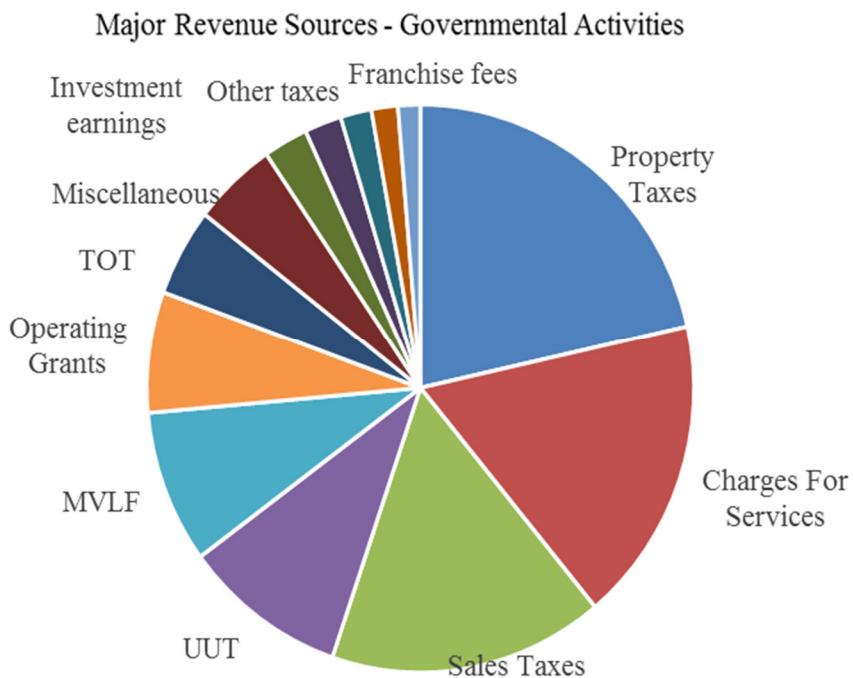
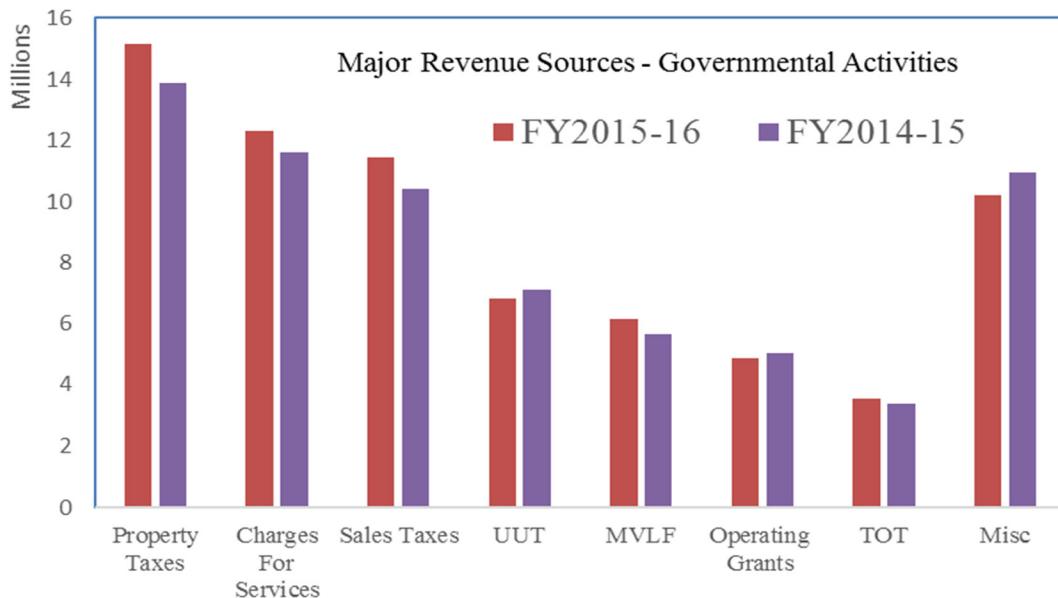
City of Arcadia
Management's Discussion and Analysis
June 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

- Utility User Tax decreased \$0.3 million, or 4.6%, due to the overall decline on utility sales. Water sales decreased by \$1.0 million, or 9.9%, as a result of the water conservation program implemented by the City. This was an effort to comply with the State Water Resources Control Board's adopted emergency water conservation regulation, as a way to deal with the severe drought conditions throughout California. Electricity sales also dropped because of the continued rate reduction and the less severe weather, which reduced the need to turn on electrical appliances such as air-conditioning or heaters.
- Transient Occupancy Tax grew by \$0.2 million, or 4.9%, driven by increased business travel and tourism.
- Motor Vehicle License Fees (MVLF) increased by \$0.5 million or 8.8%. In addition to statewide improvements in auto sales, the result of MVLF increase is attributed to legislation that was passed in FY 2004-05, which tied its growth to the City's annual property tax valuation. As the City continues to receive the uncharacteristic upward property valuation, the MVLF follows in a similar manner.
- Business License Tax increased by \$91,000, or 7.6%, due to better improved economic sentiments for the current business environment.
- Other Taxes category was down by \$0.1 million, or 7.5%, and mostly due to the reduction of Pari-mutuel revenues received from Santa Anita Race Track. This specific revenue has been in the decline since the early 1990s due to conditions in which the pari-mutuel fees are generated. City only receives such revenue when bets are taken place on-site at the track. With the development of broadcasting and on-line wagering, this has reduced the need for individuals to be on-site, which effects the pari-mutuel revenue that the City can collect.
- Investment Earnings increased \$0.2 million, or 13.7%, due to the uptrend in interest rate market. Although the Federal Reserve has adopted a very conservative approach in raising the discount rate, the market interest rate have steadily increased in anticipation of the Federal Reserve's plan and the expectation of faster economic growth.
- Miscellaneous Revenue decreased by \$1.0 million, or 21.7%. This decrease was mainly due to the one-time property insurance reimbursement for the accidental damage of a street sweeper. The replaced street sweepers were purchased in current year.

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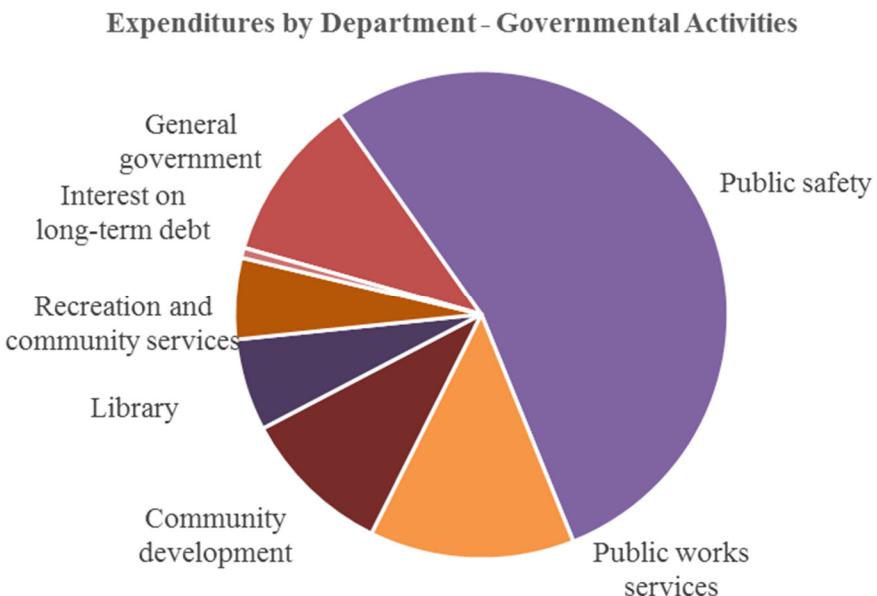


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GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

Expenses for the fiscal year totaled \$63.6 million, a \$3.3 million or 5.5%, increase from the prior fiscal year. The increase, in large, comes from two areas: CalPERS contributions and Capital Improvement Projects. Due to the multiple changes on actuarial assumption by CalPERS over the last few years, Employer CalPERS contribution rates have increased significantly, which accounts for the overall increase in personnel costs. Capital improvement costs relating to City streets and infrastructure improvements were the other major contributors of the total expenditure increase when compared with the prior fiscal year. During Fiscal Year 2015-16, a number of major street maintenance projects were completed, including the rehabilitation on Highland Oaks Drive between Orange Grove and Virginia, and concrete repair work for a significant portion of Foothills Blvd. The City also expanded its pavement rehabilitation program to include non-major streets.



More details on the changes by department are as follows:

- General Government costs decreased by \$0.6 million, or 7.6%. Operational expenditures are relatively the same when compared to the prior fiscal year. This fiscal year's reduction was largely due to a capital improvement project that occurred in the prior year. The costs associated with the City Hall parking lot improvement project formed the overall decrease amount seen in the current year.
- The cost for Public Safety increased by \$1.5 million, or 4.6%, mainly due to personnel related cost such as salary and pension benefits.
- Public Works Services costs increased by \$0.8 million, or 10.1%, due to additional costs incurred with the slurry seal program to repair deficient concrete curbs and gutters.
- Community Development Services costs increased by \$1.3 million, or 25.1%. The majority of the variance could also be attributable to additional capital costs in street rehabilitation projects. The biggest project for the current year was the concrete repairs on Foothill Boulevard, which total project costs was estimated to be \$1.3 million.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

- Library Services incurred \$0.2 million more of operating expenses than the prior year. It was attributed to the increase on personnel costs.
- The increase of \$0.1 million for Recreation and Community Services' was also due to uprising personnel benefit costs that applied across all City departments.
- The marginal decrease in interest payments on Long-term Debt Service was due to the declining debt balances.

Business-Type Activities

Business-Type Activities have a total net position of \$69.5 million, of which \$47.0 million, or 67.6% of the net position is net investment in capital assets (e.g. water treatment infrastructure, buses, and equipment, net of accumulated depreciation and related debt). 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 \$22.5 million, representing 32.4% of total net position.

City of Arcadia Statement of Net Position **Business-type Activities**

| Business Activities | 30-Jun-16 | 30-Jun-15 |
|----------------------------------|---------------------|---------------------|
| Current and other assets | \$31,053,199 | \$33,591,462 |
| Capital assets | 46,957,250 | 48,858,963 |
| Total assets | 78,010,449 | 82,450,425 |
| | | |
| Deferred outflow of resources | 662,894 | 550,648 |
| | | |
| Long-term debt outstanding | 7,156,205 | 6,691,133 |
| Other liabilities | 1,469,628 | 2,682,307 |
| Total liabilities | 8,625,833 | 9,373,440 |
| | | |
| Deferred inflow of resources | 553,295 | 1,274,420 |
| | | |
| Net investment in capital assets | 46,957,250 | 48,858,963 |
| Unrestricted | 22,536,965 | 23,494,250 |
| Total net position | \$69,494,215 | \$72,353,213 |

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Business-Type Activities (Continued)

The net position decreased by \$2.9 million, comprising of \$3.1 million of loss from the Water operation, \$0.3 million of surplus for Sewer, and \$0.1 million of operating loss incurred by the Transit. Water sales revenue decreased to \$9.1 million from \$10.1 million, a 9.9% reduction. The drop in sales was a result of responding to the State Water Resources Control Board's emergency water conservation regulations, which required local agencies to restrict water use and compels the City to reduce water usage by 36%, then later to 28%. Due to the reduction of water production, water operational costs decreased by \$4.3 million, which reduced the operational loss from \$6.4 million in the prior year to \$3.4 million. As a result of the conservation mandate and the need for developing a sustainability plan, City staff has implemented a new water and sewer rate structure effective January 1, 2016. The new rate structure was approved by the city residents through the Proposition 218 process, with the purpose to maintain long-term financial efficiency of the City's water operation and insure the city residents the high quality of water. The operating loss incurred by the transit operation is a result of the asset depreciation and pension liability accrual.

City of Arcadia Statement of Activities
Business-type Activities

| Business Activities | 30-Jun-16 | 30-Jun-15 |
|---|---------------------|---------------------|
| Program revenues: | | |
| Charges for services | \$10,850,514 | \$11,519,636 |
| Operating contributions and grants | 768,229 | 786,352 |
| Capital contributions and grants | 0 | 0 |
| General revenues: | | |
| Gain on disposal of assets | 11,835 | 18,300 |
| Investment earnings | 380,861 | 332,719 |
| Total revenues | 12,011,439 | 12,657,007 |
| Expenses: | | |
| Water utility | 12,563,018 | 16,891,412 |
| Sewer maintenance | 1,360,509 | 1,457,275 |
| Transit system | 1,818,171 | 1,836,228 |
| Total expenses | 15,741,698 | 20,184,915 |
| Increase (Decrease) in Net Position before Transfers | (3,730,259) | (7,527,908) |
| Transfers | 871,261 | 817,751 |
| Increase (Decrease) in net position | (2,858,998) | (6,710,157) |
| Net position – Beginning of fiscal year | 72,353,213 | 86,341,104 |
| Prior Period adjustment | - | (7,277,734) |
| Net position – End of fiscal year | \$69,494,215 | \$72,353,213 |

City of Arcadia
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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 \$65.0 million vs. \$61.5 million from the prior fiscal year, an increase of \$3.5 million. Approximately \$6.4 million, or 9.8%, of the combined ending fund balances are categorized as Unassigned Fund Balance. This means that those funds have not been obligated and are available for any purpose. The Restricted Fund Balance of \$21.9 million are funds restricted for special purposes or reserves for the debt services payments of City's General Obligation Bonds. The Assigned Fund Balance of \$36.0 million are committed for Equipment Replacement, Capital Improvement Projects, Emergency Reserve, Pension Liability Reserve, and Self-insurance of General Liability and Workers' Compensation purposes. The non-spendable fund balance represents prepaid items and inventory.

Analyses on the fluctuations of Governmental Funds are as follows:

- The General Fund's net fund balance decreased by \$4.9 million to \$32.0 million. The decrease in fund balance was mainly due to an \$8.1 million of transfer from General Fund to Capital Outlay Fund to replenish the depleting fund balance and to establish a new capital reserve for constructing of a new City Hall. Fiscal year ending revenue was at \$59.4 million and expenditures were at \$57.0 million, which resulted in operating surplus of \$2.4 million.
- Parks and Recreation Fund has a net fund balance of \$8.2 million, including the surplus of \$2.1 million from the current year. Park Development fees are collected on all new residential development projects and those fees are designated for the use of eligible park projects. City staff is in the process of updating the City's park master plan, which will set the priority and determine short term and long term park and facility improvements and space allocation for youth, adult, and senior recreation programs.
- At the end of the fiscal year, the Capital Outlay Fund had a fund balance of \$11.2 million, an increase of \$6.3 million. As mentioned earlier, \$8.1 million was authorized and transferred from General Fund in fiscal year 2015-16, including also an allocation of \$1 million as a reserve for replacing the aging City Hall. Pari-mutual revenues received from Santa Anita Race Track is the only major funding source designated for capital improvement projects, and this revenue source has continued to decline over the years but the demand on capital improvement costs has not decreased, which made it difficult to develop a sustainable capital improvement program. However, recognizing the importance of ongoing infrastructure improvement needs, the City Council has authorized transfers of operating surplus funds from General Fund to meet that purpose.
- The Non-major Governmental Fund group had an aggregated fund balance of \$13.6 million, same as the prior fiscal year. Prop A, Measure R, Solid Waste, and Transportation Impact Funds have resulted in surplus, but the expenditures in Prop C, Santa Anita Grade Separation, and Gas Tax Funds exceeded total revenue. Prop C and Gas Tax funds' deficit were caused by higher project costs than the year's funding allocation. The shortfall in Santa Anita Grade Separation Fund was caused by the construction improvements for the Gold Line Transit Plaza in the City. The new extended Metro Gold Line Foothill will continue from Pasadena to Azusa and opened in March 2016.

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FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (Continued)

Governmental Funds (Continued)

| Governmental Funds | 30-Jun-16 | 30-Jun-15 |
|---|---------------------|---------------------|
| Revenues: | | |
| Taxes | \$39,504,488 | \$37,911,174 |
| Licenses and permits | 6,723,286 | 6,512,028 |
| Fines and forfeitures | 801,161 | 935,629 |
| Use of money and property | 1,856,318 | 1,632,483 |
| Intergovernmental | 11,653,593 | 11,508,381 |
| Charges for services | 6,777,300 | 6,086,755 |
| Other revenues | 3,419,455 | 4,390,220 |
| Total revenues | 70,735,601 | 68,976,670 |
| Expenditures: | | |
| Current | 65,346,426 | 59,552,474 |
| Debt services | 1,021,474 | 1,009,854 |
| Total expenditures | 66,367,900 | 60,562,328 |
| Excess (deficiency) of revenues over expenditures | 4,367,701 | 8,414,342 |
| Other Financing Sources | (871,261) | (817,751) |
| Net change in fund balance | 3,496,440 | 7,596,591 |
| Fund balance – Beginning of fiscal year | 61,510,789 | 53,425,778 |
| Prior period adjustment | 0 | 488,420 |
| Fund balance – End of fiscal year | \$65,007,229 | \$61,510,789 |

Revenues of the total Governmental Funds were \$70.7 million with an increase of \$1.8 million, or 2.6%, from the prior fiscal year. More detailed analysis is as follows:

- Taxes increased by \$1.6 million, or 4.2%. The City's two major revenue sources, Property Tax and Sales Tax increased by \$1.3 million and \$0.7 million, respectively. Because of the City's desirable community and highly regarded school district, the demands for housing within the City have continued to effect the property assessed valuation growth since the 2008 Great Recession. The Sales Tax increase was mainly due to a one-time adjustment payment of \$0.8 million resulting from the end of the "triple-flip" agreement that was set in place to allow for the State to issue their Economic Recovery Bonds. After adjusting for the one-time adjustment, Sales Tax revenue had a slight decline of 1.4%. On the other hand, Utility User Tax had a decreased of \$0.3 million or 4.6% primarily due to the overall decline in utility sales.
- Licenses and Permits increased by \$0.2 million, or 3.2%, primarily due to more property development and construction activities in the City. As mentioned early, the rapid growth in development activities began in 2011 has since slowed down, with the collection of related development fees increasing moderately in the past two fiscal years.
- Fines and Forfeitures decreased by \$0.1 million, due to lower number of parking violation fines.

City of Arcadia
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FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (Continued)

Governmental Funds (Continued)

- Use of Money and Property increased by \$0.2 million. This increase is attributed to the inflationary adjustments of rental income and the uptrend of interest rate on investments.
- Intergovernmental Revenue increased by \$0.1 million, or 1.3%, primarily due to the increase on vehicle license fees that are tied to the City's property value.
- Charges for Services had an increase of \$0.7 million, or 11.3%, due to higher revenues from Fire and Police services, including the reimbursement of Arcadia Fire Department's strike team for their mutual-aid response with wildfires and other nature disaster incidents.
- Other Revenues was \$1.0 million less than the prior year. The sum of the reduction was mainly due to a one-time insurance reimbursement in the prior year for the damaged street sweepers. Additionally, asset seizures by the Police Department decreased in comparison to the prior year.

The Governmental Funds reported \$66.4 million of expenditures, an increase of \$5.8 million from the prior fiscal year. These increases comprised of the following:

- Personnel costs increased by \$1.8 million, or 4.5%. In addition to salary increases, per employment agreements, higher PERS contribution rates accounted for the majority of the increase. As noted earlier, higher employer contribution rates are a result of CalPERS modification of actuarial assumptions and policy changes in recent years.
- Operating costs total increased by \$2.5 million. The increase consists of a \$1.4 million to prefund an OPEB trust; established for paying down the liability associated with retiree benefits. A \$0.6 million increase on General Liability and Workers' Compensation claims and various increases relating to election cost, street maintenance, and claims administration.
- Capital expenditure also increased by \$1.5 million. However, the increase was expected as more projects and equipment replacement were budgeted for the year. In particular, there were more capital investments towards street rehabilitation and facility improvements during the year. The replacement of equipment included the purchased of 19 vehicles that included: patrol vehicles, ambulances, and 2 street sweepers.

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 \$69.5 million and it comprises of \$64.0 million of fund balance in Water Utility Fund, \$5.8 million of fund surplus in Sewer Maintenance Fund, and a \$0.3 million deficit for the Transit System Fund. As only sufficient resources are transferred to fund 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 Statements 68 and 71.

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GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS

General Fund is the primary operating fund of the City. The fund balance reported a decrease of \$4.9 million to \$32.0 million at the fiscal year ending June 30, 2016. 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 11.2% of total General Fund expenditures, while total fund balance represents 56.1% 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 \$59.4 million for the fiscal year ending June 30, 2016, which is \$2.1 million, or 3.7%, more than the prior fiscal year's revenue total. Similar to the analysis for the governmental funds, tax revenue had the biggest increase, development related licenses and fees grew moderately, and charges for services had an increase due to higher revenues from Fire and Police services. The decrease shown for Other Revenue category was due to a one-time insurance reimbursement for the damages caused by a street sweeper explosion in 2014.

| General Fund Revenue | 30-Jun-16 | 30-Jun-15 |
|---------------------------|---------------------|---------------------|
| Taxes | \$36,882,562 | \$35,043,264 |
| Licenses and permits | 6,387,403 | 6,139,175 |
| Fines and forfeitures | 572,435 | 614,075 |
| Use of money and property | 1,527,839 | 1,437,872 |
| Intergovernmental | 6,390,849 | 6,456,485 |
| Charges for services | 4,548,949 | 3,959,435 |
| Other revenues | 3,086,958 | 3,642,682 |
| Total revenues | \$59,396,995 | \$57,292,988 |

General Fund expenditures increased by \$5.5 million, or 10.7%, to \$57.0 million. The increases are in the areas of pension liability contribution, prefunding of an OPEB trust, replacement of major vehicles, and contract services.

The adopted General Fund budget projected revenue of \$57.3 million for the fiscal year ending June 30, 2016. The actual total General Fund revenues of \$59.4 million is \$2.1 million, or 3.6%, higher than the final adopted budget.

Key elements of the budget variance are as follows:

- Tax collection in total was slightly less the budget by 0.2%. Utility User Tax and Sales Tax came in below the budget by 3.0% and 5.9%, respectively. However, the collection on Property Tax and Transient Occupancy Tax exceeded original projections. The City's property assessed value increased by 8.8% overall, which is more than expected. An improved economic environment has led to a rise in business and vacation travels providing a higher than projected Transient Occupancy Tax receipts.
- License and Permits was \$0.8 million, or 15.5%, higher than projection. This was due to more than anticipated construction and development activities.
- The collection of parking citations was less than expected, which resulted in a 5.5% of negative budget variance in the Fines and Forfeitures category.

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GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS (CONTINUED)

- Use of money and property has a positive budget variance. Investment earnings improved due to the rise of interest rate.
- Intergovernmental revenues, including the Motor Vehicle License Fees, was \$0.4 million or 6.3% more than budgeted. As the growth on Motor Vehicle License Fees are tied to the property assessed value, the more than expected growth on City's property valuation has also resulted in the positive variance for this category.
- Charges for Services had a positive variance of \$0.5 million or 11.7% due to higher revenue collection from strike team reimbursement and other safety related services.
- A favorable variance of \$0.3 million for Other Revenues was primarily due to a transfer from the Public Safety Trust Fund for the purchase of a mobile command post.

The City's General Fund expenditures were \$3.1 million, or 5.1%, less than the final adopted budget. General Fund's overall personnel costs resulted in \$1.1 million, or 2.9%, of positive budget variance, due to higher than anticipated vacancies and turnovers. Although there was a \$1.7 million of underspending in the equipment replacement budget, most were unfinished projects that have been carried over to the following fiscal years.

For a budget analysis on the departmental level, almost all City departments ended the fiscal year with a positive budget variance as a result of personnel costs savings. The City Clerk office had a slight overage due to unexpected election costs, such as the costs for signature verification on the Utility Tax Repeal measure. The Fire department's negative variance was due to the mutual-aid strike team overtime to assist with large wildfires that occurred throughout the State. The Police Department had the biggest savings of \$1.4 million, or 6.8%, mainly due to its personnel savings. Administrative Services Department also had a positive variance of \$0.6 million resulting from lower than expected General Liability and Workers' Compensation claims. Public Works also ended the fiscal year with a positive variance that were recognized from contract services in the Storm-water and Street Maintenance Divisions.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets as of June 30, 2016, amounted to \$111.1 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 completion of Arcadia Transit Plaza for the Foothill Gold Line Arcadia Station, fiber optic connection from City Hall to Public Works facilities to improve the internet and data transmission speed to Public Works staff, and various street improvement projects. Phase II of Huntington Drive capacity improvement project was completed and included the installation of a raised median on Huntington Drive from Santa Clara Street to Colorado Place, and one additional lane in Huntington Drive west of San Rafael Road. Another major project for the year was the enhancement of the pedestrian infrastructure in the vicinity of Hugo Reid Elementary School, which was funded by a federal grant from the Safe Routes to School ("SRTS") Program. Major equipment upgrades included the purchase of 3 ambulances, 2 street sweepers, and 14 other vehicles. As mentioned earlier, the City also purchased a mobile command post that would be used as a control center during a major emergency or natural disaster to supplement public safety responses.

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CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

| | Governmental Activities | | Business – Type Activities | | Total | |
|---------------------------------------|-------------------------|----------------------|----------------------------|---------------------|----------------------|----------------------|
| | 30-Jun-16 | 30-Jun-15 | 30-Jun-16 | 30-Jun-15 | 30-Jun-16 | 30-Jun-15 |
| Non-depreciable assets: | | | | | | |
| Land | \$5,738,644 | \$5,738,644 | \$192,436 | \$192,436 | \$5,931,080 | \$5,931,080 |
| Water rights | - | - | 5,602,000 | 5,602,000 | 5,602,000 | 5,602,000 |
| Construction in progress | 920,747 | 2,317,785 | 49,948 | - | 970,695 | 2,317,785 |
| Total non-depreciable assets | 6,659,391 | 8,056,429 | 5,844,384 | 5,794,436 | 12,503,775 | 13,850,865 |
| Depreciable assets: | | | | | | |
| Buildings and improvements | 57,915,090 | 57,046,672 | - | - | 57,915,090 | 57,046,672 |
| Automotive equipment | 10,315,944 | 9,754,454 | 2,887,309 | 2,865,226 | 13,203,253 | 12,619,680 |
| Furniture and equipment | 2,761,289 | 2,714,814 | 350,266 | 484,436 | 3,111,555 | 3,199,250 |
| Infrastructure | 89,204,786 | 86,764,788 | 82,217,787 | 82,217,787 | 171,422,573 | 168,982,575 |
| Total depreciable assets | 160,197,109 | 156,280,728 | 85,455,362 | 85,567,449 | 245,652,471 | 241,848,177 |
| Less accumulated depreciation: | (102,726,583) | (100,082,128) | (44,342,496) | (42,502,922) | (147,069,079) | (142,585,050) |
| Total depreciable assets, net | 57,470,526 | 56,198,600 | 41,112,866 | 43,064,527 | 98,583,392 | 99,263,127 |
| Total capital assets, net | \$64,129,917 | \$64,255,029 | \$46,957,250 | \$48,858,963 | \$111,087,167 | \$113,113,992 |

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 60 of this report.

Long-term debt. At the end of the current fiscal year, the City of Arcadia had a total outstanding debt of \$138.6 million.

| Citywide | 30-Jun-16 | 30-Jun-15 |
|-------------------------------|----------------------|----------------------|
| Claims and judgments payable | \$8,227,644 | \$7,376,079 |
| Compensated absences | 2,764,255 | 2,596,944 |
| OPEB obligations | 2,050,811 | 2,751,454 |
| Net pension liability | 112,564,461 | 103,250,759 |
| 2011 General Obligation Bonds | 7,262,502 | 7,579,767 |
| 2012 General Obligation Bonds | 5,743,147 | 6,022,492 |
| Total | \$138,612,820 | \$129,577,495 |

Based on GASB Statements 68 and 71, the City's net pension obligation was established to be \$112.6 million as of June 30, 2016. More information related to the pension liability is available in Note 8 beginning on page 69.

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CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Claims payable for outstanding Workers' Compensation and Liability issues increased \$0.9 million to \$8.2 million and the other postemployment benefits (OPEB) obligation decreased by \$0.7 million to \$2.1 million. Both liabilities were based on estimated numbers determined by actuarial calculation. As noted earlier in our discussion, an OPEB trust was established exclusively for the liability relating to retiree medical benefits, and the \$2.1 million presented above is the cumulative unpaid Annual Required Contribution (ARC) after the prefunding of \$1.4 million. The reduction of General Obligation Bond debts is 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 62 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 2016-17 Revenue Budget. General Fund Revenue is budgeted to grow 2.9% over FY 2015-16 year end estimates. Most of the key revenues including Property Tax, Sales Tax, and Transient Occupancy Tax are projected to have modest increase due to the continuing growth in assessed property value and local economy. However, Utility User Tax is projected to be flat in comparison to the current year as the water conservation program will continue and the slight increase in electric utility rates are expected to be offset by natural gas rates. Licenses and Permits are expected to decrease after several year of accelerated growth in the home construction and development activities. Operating expenditures, in total, are expected to have an increase of 3.6% when compared to the prior year's 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 future viability of the public pension system. Additionally, a total of \$1.5 million equals to the annual required contribution (ARC) for the City's OPEB was included in the budget for fiscal year 2016-17.
- The City adopted its FY2016-17 General Fund Operating Budget with a projected \$3.3 million surplus. With direction from City Council, the surplus has been designated for transfer to replenish the Equipment Replacement Fund, Capital Outlay Fund, and 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. Most notably, while the major pension reforms previously agreed to by the City's labor groups will have a long-term positive effect on the budget and increased funding into retirement programs will ensure sustainability, pension costs will continue to increase significantly over the next decade. 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.

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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:

- Other Postemployment Benefits (OPEB): The Unfunded Accrued Actuarial Liability for the City's post-retirement medical benefits has grown rapidly as the City adopted pay-as-you-go in the past few years. It was estimated to be \$18 million based on the most recent actuarial report as of July 2015. Although the City has established an internal revenue section 115 trust for the OPEB Liability with California Employers' Retiree Benefit Trust (CERBT) and made the initial contribution. Continuing funding above the minimum requirement of Annual Required Contribution (ARC) would be essential to reduce this long term liability and decrease the total benefit costs for the City.
- Capital Outlay and Equipment Replacement Funds Recovering: The expanding economy has allowed the City to transfer a significant amount of funds into the Capital Outlay 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. Starting with the budget year of FY2015-16, the City Council authorized a reserve fund for the construction of a New City Hall: \$1 million was transferred from General Fund, and another \$0.5 million was budgeted for FY2016-17.
- CalPERS Funding 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, which has significantly increased the annual contribution required by the City. Some of the approaches causing the higher contribution rates by cities are from CalPERS's conservative approach to lowering investment risk in order to reduce the market volatility and to avoid similar losses that occurred in 2008-09. Additionally, CalPERS plans to gradually reduce the expected return rate from its investment, from the current 7.5% to 6.5% ultimately. Due to the presumed lower investment earnings, an offset is expected to come in the way of higher employer contributions from cities and public workers.

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, 2016

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS AND DEFERRED OUTFLOW OF RESOURCES | | | |
| Current assets: | | | |
| Cash and investments | \$ 62,594,014 | \$ 28,654,318 | \$ 91,248,332 |
| Accounts receivable | 300,315 | 1,982,142 | 2,282,457 |
| Interest receivable | 145,064 | 65,336 | 210,400 |
| Due from other governments | 5,650,766 | 436,257 | 6,087,023 |
| Prepaid items | 45,424 | 111,819 | 157,243 |
| Internal balances | 196,673 | (196,673) | - |
| Inventories | 751,881 | - | 751,881 |
| Total current assets | <u>69,684,137</u> | <u>31,053,199</u> | <u>100,737,336</u> |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Nondepreciable | 6,659,391 | 5,844,384 | 12,503,775 |
| Depreciable, net | 57,470,526 | 41,112,866 | 98,583,392 |
| Total capital assets | <u>64,129,917</u> | <u>46,957,250</u> | <u>111,087,167</u> |
| Total noncurrent assets | <u>64,129,917</u> | <u>46,957,250</u> | <u>111,087,167</u> |
| Total assets | <u>133,814,054</u> | <u>78,010,449</u> | <u>211,824,503</u> |
| Deferred outflow of resources: | | | |
| Deferred outflows related to net pension liability | <u>10,133,075</u> | <u>662,894</u> | <u>10,795,969</u> |
| Total deferred outflow of resources | <u>10,133,075</u> | <u>662,894</u> | <u>10,795,969</u> |
| LIABILITIES AND DEFERRED INFLOW OF RESOURCES | | | |
| Current liabilities: | | | |
| Accounts payable | 2,019,511 | 1,186,425 | 3,205,936 |
| Accrued salaries payable | 2,011,249 | 54,046 | 2,065,295 |
| Interest payable | 188,685 | - | 188,685 |
| Unearned revenue | 215,877 | - | 215,877 |
| Deposits | - | 126,477 | 126,477 |
| Retention payable | 44,392 | 4,637 | 49,029 |
| Long-term debt - due within one year | 4,391,639 | 98,043 | 4,489,682 |
| Total current liabilities | <u>8,871,353</u> | <u>1,469,628</u> | <u>10,340,981</u> |
| Noncurrent liabilities: | | | |
| Long-term debt - due in more than one year | <u>126,966,933</u> | <u>7,156,205</u> | <u>134,123,138</u> |
| Total noncurrent liabilities | <u>126,966,933</u> | <u>7,156,205</u> | <u>134,123,138</u> |
| Total liabilities | <u>135,838,286</u> | <u>8,625,833</u> | <u>144,464,119</u> |
| Deferred inflow of resources: | | | |
| Deferred inflows related to net pension liability | <u>6,880,154</u> | <u>553,295</u> | <u>7,433,449</u> |
| Total deferred inflow of resources | <u>6,880,154</u> | <u>553,295</u> | <u>7,433,449</u> |
| NET POSITION | | | |
| Net investment in capital assets | <u>51,124,268</u> | <u>46,957,250</u> | <u>98,081,518</u> |
| Restricted for: | | | |
| Debt service | 664,992 | - | 664,992 |
| Community purposes | 10,578,749 | - | 10,578,749 |
| Public safety | 1,253,412 | - | 1,253,412 |
| Transportation /streets | 9,165,526 | - | 9,165,526 |
| Total restricted | <u>21,662,679</u> | - | <u>21,662,679</u> |
| Unrestricted | <u>(71,558,258)</u> | <u>22,536,965</u> | <u>(49,021,293)</u> |
| Total net position | <u>\$ 1,228,689</u> | <u>\$ 69,494,215</u> | <u>\$ 70,722,904</u> |

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Statement of Activities
For the Fiscal Year Ended June 30, 2016

| Functions/Programs | Program Revenues | | | | | Totals |
|-----------------------------------|-----------------------------|-----------------------------|---|---|-----------------------------|---------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | |
| | | | | | | |
| Primary Government: | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 6,890,053 | \$ 33,223 | \$ 148,097 | \$ - | \$ 181,320 | |
| Public safety | 34,089,922 | 3,972,018 | 418,164 | - | 4,390,182 | |
| Public works services | 8,525,715 | 434,681 | 1,270,759 | 58,353 | 1,763,793 | |
| Community development | 6,316,456 | 4,577,662 | 2,892,579 | 869,484 | 8,339,725 | |
| Library | 3,858,956 | 72,242 | - | - | 72,242 | |
| Recreation and community services | 3,455,024 | 3,237,272 | 147,398 | - | 3,384,670 | |
| Interest on long-term debt | 417,780 | - | - | - | - | |
| Total governmental activities | <u>63,553,906</u> | <u>12,327,098</u> | <u>4,876,997</u> | <u>927,837</u> | <u>18,131,932</u> | |
| Business-type activities: | | | | | | |
| Water | 12,563,018 | 9,122,745 | - | - | 9,122,745 | |
| Sewer | 1,360,509 | 1,664,249 | - | - | 1,664,249 | |
| Transit | 1,818,171 | 63,520 | 768,229 | - | 831,749 | |
| Total business-type activities | <u>15,741,698</u> | <u>10,850,514</u> | <u>768,229</u> | <u>-</u> | <u>11,618,743</u> | |
| Total primary government | <u>\$ 79,295,604</u> | <u>\$ 23,177,612</u> | <u>\$ 5,645,226</u> | <u>\$ 927,837</u> | <u>\$ 29,750,675</u> | |

(Continued)

City of Arcadia
Statement of Activities (Continued)
For the Fiscal Year Ended June 30, 2016

| Functions/Programs | Net (Expense) Revenue and Changes in Net Position | | |
|--|--|-------------------------------------|-----------------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Primary Government: | | | |
| Governmental activities: | | | |
| General government | \$ (6,708,733) | \$ - | \$ (6,708,733) |
| Public safety | (29,699,740) | - | (29,699,740) |
| Public works services | (6,761,922) | - | (6,761,922) |
| Community development | 2,023,269 | - | 2,023,269 |
| Library | (3,786,714) | - | (3,786,714) |
| Recreation and community services | (70,354) | - | (70,354) |
| Interest on long-term debt | (417,780) | - | (417,780) |
| Total governmental activities | <u>(45,421,974)</u> | <u>-</u> | <u>(45,421,974)</u> |
| Business-type activities: | | | |
| Water | - | (3,440,273) | (3,440,273) |
| Sewer | - | 303,740 | 303,740 |
| Transit | - | (986,422) | (986,422) |
| Total business-type activities | <u>-</u> | <u>(4,122,955)</u> | <u>(4,122,955)</u> |
| Total primary government | <u>(45,421,974)</u> | <u>(4,122,955)</u> | <u>(49,544,929)</u> |
| General Revenues: | | | |
| Taxes and fees: | | | |
| Property taxes | 15,149,171 | - | 15,149,171 |
| Sales taxes | 11,441,622 | - | 11,441,622 |
| Franchise fees | 1,100,952 | - | 1,100,952 |
| Utilities user taxes | 6,816,464 | - | 6,816,464 |
| Transient occupancy taxes | 3,531,944 | - | 3,531,944 |
| Motor vehicle license taxes | 6,136,906 | - | 6,136,906 |
| Non-regulatory business license taxes | 1,293,357 | - | 1,293,357 |
| Other taxes | 1,538,467 | - | 1,538,467 |
| Total taxes and fees | <u>47,008,883</u> | <u>-</u> | <u>47,008,883</u> |
| Investment earnings | 1,856,318 | 380,861 | 2,237,179 |
| Gain on disposal of assets | - | 11,835 | 11,835 |
| Miscellaneous | 3,482,819 | - | 3,482,819 |
| Transfers | <u>(871,261)</u> | <u>871,261</u> | <u>-</u> |
| Total general revenues and transfers | <u>51,476,759</u> | <u>1,263,957</u> | <u>52,740,716</u> |
| Change in net position | <u>6,054,785</u> | <u>(2,858,998)</u> | <u>3,195,787</u> |
| Net position (deficit) - beginning of fiscal year | <u>(4,826,096)</u> | <u>72,353,213</u> | <u>67,527,117</u> |
| Net position - end of fiscal year | <u>\$ 1,228,689</u> | <u>\$ 69,494,215</u> | <u>\$ 70,722,904</u> |

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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.

Parks and Recreation Special Revenue 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.

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, 2016

| | Major Funds | | | | | Nonmajor Governmental Funds | Total Governmental Funds | | |
|--|-------------------------|---------------------|----------------------|----------------------|----------------------|-----------------------------------|--------------------------------|--|--|
| | Parks and Recreation | | Capital Outlay | | | | | | |
| | General | | | | | | | | |
| ASSETS | | | | | | | | | |
| Cash and investments | \$ 29,143,884 | \$ 8,219,261 | \$ 11,336,543 | \$ 13,894,326 | \$ 62,594,014 | | | | |
| Accounts receivable | 211,120 | - | - | 89,195 | 300,315 | | | | |
| Interest receivable | 71,548 | 18,705 | 25,767 | 29,044 | 145,064 | | | | |
| Due from other funds | 360,323 | - | - | - | 360,323 | | | | |
| Due from other governments | 4,823,137 | - | 111,900 | 329,850 | 5,264,887 | | | | |
| Prepaid items and deposits | 45,424 | - | - | - | 45,424 | | | | |
| Inventories | 751,881 | - | - | - | 751,881 | | | | |
| Total assets | \$ 35,407,317 | \$ 8,237,966 | \$ 11,474,210 | \$ 14,342,415 | \$ 69,461,908 | | | | |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | \$ 1,242,329 | \$ - | \$ 226,597 | \$ 550,585 | \$ 2,019,511 | | | | |
| Accrued salaries payable | 1,996,467 | - | - | 14,782 | 2,011,249 | | | | |
| Due to other funds | - | - | - | 163,650 | 163,650 | | | | |
| Unearned revenue | 215,877 | - | - | - | 215,877 | | | | |
| Retention payable | - | - | 44,392 | - | 44,392 | | | | |
| Total liabilities | 3,454,673 | - | 270,989 | 729,017 | 4,454,679 | | | | |
| Fund Balances: | | | | | | | | | |
| Nonspendable | 797,305 | - | - | - | 797,305 | | | | |
| Restricted | - | 8,237,966 | - | 13,613,398 | 21,851,364 | | | | |
| Assigned | 24,756,336 | - | 11,203,221 | - | 35,959,557 | | | | |
| Unassigned | 6,399,003 | - | - | - | 6,399,003 | | | | |
| Total fund balances | 31,952,644 | 8,237,966 | 11,203,221 | 13,613,398 | 65,007,229 | | | | |
| Total liabilities and fund balances | \$ 35,407,317 | \$ 8,237,966 | \$ 11,474,210 | \$ 14,342,415 | \$ 69,461,908 | | | | |

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2016

Total Fund Balances - Total Governmental Funds \$ 65,007,229

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. 64,129,917

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. (188,685)

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 (4,391,639)
 Long-term debt - due in more than one year (126,966,933)

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.

Deferred outflows related to net pension liability 10,133,075
 Deferred inflows related to net pension liability (6,880,154)

Revenues earned but not available to pay for current expenditures for governmental funds are unavailable. 385,879

Net Position of Governmental Activities \$ 1,228,689

City of Arcadia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

| | Major Funds | | | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|-------------------------|----------------------|-----------------------------------|--------------------------------|
| | General | Parks and Recreation | Capital Outlay | | |
| REVENUES: | | | | | |
| Taxes | \$ 36,882,562 | \$ - | \$ 635,614 | \$ 1,986,312 | \$ 39,504,488 |
| Licenses and permits | 6,387,403 | - | - | 335,883 | 6,723,286 |
| Fines and forfeitures | 572,435 | - | - | 228,726 | 801,161 |
| Use of money and property | 1,527,839 | 90,231 | 95,670 | 142,578 | 1,856,318 |
| Intergovernmental | 6,390,849 | - | 527,026 | 4,735,718 | 11,653,593 |
| Charges for services | 4,548,949 | 2,096,641 | - | 131,710 | 6,777,300 |
| Other revenues | 3,086,958 | - | 138,466 | 194,031 | 3,419,455 |
| Total revenues | 59,396,995 | 2,186,872 | 1,396,776 | 7,754,958 | 70,735,601 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| City council | 260,386 | - | - | - | 260,386 |
| City manager | 749,203 | - | - | - | 749,203 |
| City clerk | 435,526 | - | - | - | 435,526 |
| City attorney | 463,340 | - | - | - | 463,340 |
| General city | 2,610,690 | - | 551,508 | 3,014 | 3,165,212 |
| Administrative services | 3,847,140 | - | - | - | 3,847,140 |
| Public safety: | | | | | |
| Police | 19,057,936 | - | 49,303 | 396,773 | 19,504,012 |
| Fire | 14,147,306 | - | 115,181 | 6,459 | 14,268,946 |
| Public works services | 4,512,667 | - | 1,292,117 | 2,022,399 | 7,827,183 |
| Community development | 4,520,057 | - | 982,653 | 2,500,517 | 8,003,227 |
| Library | 3,491,033 | - | 100,726 | 21,000 | 3,612,759 |
| Recreation and community services | 2,899,418 | 100,861 | 125,180 | 84,033 | 3,209,492 |
| Debt service: | | | | | |
| Principal retirement | - | - | - | 555,000 | 555,000 |
| Interest and fiscal charges | - | - | - | 466,474 | 466,474 |
| Total expenditures | 56,994,702 | 100,861 | 3,216,668 | 6,055,669 | 66,367,900 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 2,402,293 | 2,086,011 | (1,819,892) | 1,699,289 | 4,367,701 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 1,521,376 | - | 8,129,016 | 680,070 | 10,330,462 |
| Transfers out | (8,809,086) | - | - | (2,392,637) | (11,201,723) |
| Total other financing sources (uses) | (7,287,710) | - | 8,129,016 | (1,712,567) | (871,261) |
| Net changes in fund balances | (4,885,417) | 2,086,011 | 6,309,124 | (13,278) | 3,496,440 |
| FUND BALANCES: | | | | | |
| Beginning of fiscal year | 36,838,061 | 6,151,955 | 4,894,097 | 13,626,676 | 61,510,789 |
| End of fiscal year | \$ 31,952,644 | \$ 8,237,966 | \$ 11,203,221 | \$ 13,613,398 | \$ 65,007,229 |

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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 3,496,440

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:

| | |
|-----------------------------------|------------------|
| General government | 156,736 |
| Public safety | 1,374,571 |
| Public works services | 956,123 |
| Community development | 1,676,115 |
| Library | 6,385 |
| Recreation and community services | 10,246 |
| Total | 4,180,176 |

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(177,438)

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.

(4,127,850)

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:

(152,356)

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:

(851,565)

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:

726,605

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 differences in the treatment of long-term debt and related items.

| | |
|-----------------------------|----------------|
| Repayment of bond principal | <u>555,000</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 | 7,084 |
| Amortization of bond premium | 41,610 |
| Total | 48,694 |

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:

2,185,807

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.

171,272

Change in Net Position of Governmental Activities \$ 6,054,785

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, 2016

| | Enterprise Funds | | | |
|--|----------------------|---------------------|---------------------|----------------------|
| | Water Utility | Sewer Maintenance | Transit System | Total |
| ASSETS AND DEFERRED OUTFLOW OF RESOURCES | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 25,819,615 | \$ 2,834,703 | \$ - | \$ 28,654,318 |
| Accounts receivable | 1,661,306 | 320,836 | - - | 1,982,142 |
| Interest receivable | 58,889 | 6,447 | - - | 65,336 |
| Prepaid items | 111,819 | - - | - - | 111,819 |
| Due from other governments | 3,332 | 194 | 432,731 | 436,257 |
| Total current assets | 27,654,961 | 3,162,180 | 432,731 | 31,249,872 |
| Capital assets: | | | | |
| Nondepreciable | 5,844,384 | - - | - - | 5,844,384 |
| Depreciable, net | 36,887,799 | 4,132,117 | 92,950 | 41,112,866 |
| Total capital assets | 42,732,183 | 4,132,117 | 92,950 | 46,957,250 |
| Total assets | 70,387,144 | 7,294,297 | 525,681 | 78,207,122 |
| Deferred outflow of resources: | | | | |
| Deferred outflows related to net pension liability | 486,292 | 141,523 | 35,079 | 662,894 |
| Total deferred outflow of resources | 486,292 | 141,523 | 35,079 | 662,894 |
| LIABILITIES AND DEFERRED INFLOW OF RESOURCES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 919,362 | 33,674 | 233,389 | 1,186,425 |
| Retention payable | 4,637 | - - | - - | 4,637 |
| Accrued salaries payable | 40,079 | 11,296 | 2,671 | 54,046 |
| Due to other funds | - - | - - | 196,673 | 196,673 |
| Compensated absences payable - due within one year | 98,043 | - - | - - | 98,043 |
| Deposits | 126,477 | - - | - - | 126,477 |
| Total current liabilities | 1,188,598 | 44,970 | 432,733 | 1,666,301 |
| Noncurrent liabilities: | | | | |
| Net pension liabilities | 5,061,887 | 1,473,134 | 365,143 | 6,900,164 |
| Net OPEB obligation | 191,030 | - - | - - | 191,030 |
| Compensated absences payable - due in more than one year | 65,011 | - - | - - | 65,011 |
| Total noncurrent liabilities | 5,317,928 | 1,473,134 | 365,143 | 7,156,205 |
| Total liabilities | 6,506,526 | 1,518,104 | 797,876 | 8,822,506 |
| Deferred inflow of resources: | | | | |
| Deferred inflows related to net pension liability | 405,892 | 118,124 | 29,279 | 553,295 |
| Total deferred inflow of resources | 405,892 | 118,124 | 29,279 | 553,295 |
| NET POSITION | | | | |
| Net investment in capital assets | 42,732,183 | 4,132,117 | 92,950 | 46,957,250 |
| Unrestricted | 21,228,835 | 1,667,475 | (359,345) | 22,536,965 |
| Total net position (deficit) | \$ 63,961,018 | \$ 5,799,592 | \$ (266,395) | \$ 69,494,215 |

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, 2016

| | Enterprise Funds | | | |
|---|----------------------|---------------------|---------------------|----------------------|
| | Water Utility | Sewer Maintenance | Transit System | Total |
| OPERATING REVENUES: | | | | |
| Charges for services | \$ 9,107,000 | \$ 1,664,249 | \$ 63,520 | \$ 10,834,769 |
| Other | 15,745 | - | - | 15,745 |
| Total operating revenues | 9,122,745 | 1,664,249 | 63,520 | 10,850,514 |
| OPERATING EXPENSES: | | | | |
| Administration and general | 2,694,173 | 1,020,284 | 275,931 | 3,990,388 |
| Power, supplies and pumping | 8,065,937 | 150,094 | - | 8,216,031 |
| Contract costs | 87,934 | 42,917 | 1,382,901 | 1,513,752 |
| Depreciation | 1,714,974 | 147,214 | 159,339 | 2,021,527 |
| Total operating expenses | 12,563,018 | 1,360,509 | 1,818,171 | 15,741,698 |
| OPERATING INCOME (LOSS) | (3,440,273) | 303,740 | (1,754,651) | (4,891,184) |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Investment income | 348,691 | 32,170 | - | 380,861 |
| Federal and state grants | - | - | 768,229 | 768,229 |
| Gain on disposal of capital assets | 11,835 | - | - | 11,835 |
| Total nonoperating revenues (expenses) | 360,526 | 32,170 | 768,229 | 1,160,925 |
| INCOME (LOSS) BEFORE TRANSFERS | (3,079,747) | 335,910 | (986,422) | (3,730,259) |
| TRANSFERS: | | | | |
| Transfers in | - | - | 871,261 | 871,261 |
| Total transfers | - | - | 871,261 | 871,261 |
| Changes in net position | (3,079,747) | 335,910 | (115,161) | (2,858,998) |
| NET POSITION (DEFICIT): | | | | |
| Beginning of fiscal year | 67,040,765 | 5,463,682 | (151,234) | 72,353,213 |
| End of fiscal year | \$ 63,961,018 | \$ 5,799,592 | \$ (266,395) | \$ 69,494,215 |

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

| | Enterprise Funds | | | | Total |
|--|-----------------------|---------------------|-----------------------|-----------------------|-------|
| | Water Utility | Sewer Maintenance | Transit System | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash received from customers | \$ 8,943,862 | \$ 1,567,591 | \$ 63,520 | \$ 10,574,973 | |
| Cash payments to suppliers for goods and services | (9,627,720) | (614,736) | (1,506,291) | (11,748,747) | |
| Cash payments to employees for services | (2,604,105) | (729,221) | (195,399) | (3,528,725) | |
| Cash received for other operating activities | 15,745 | - | - | 15,745 | |
| Net cash provided by (used in) operating activities | (3,272,218) | 223,634 | (1,638,170) | (4,686,754) | |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Cash received from other governments | - | - | 345,554 | 345,554 | |
| Due to other funds | - | - | 196,673 | 196,673 | |
| Transfers in | - | - | 871,261 | 871,261 | |
| Net cash provided (used) by noncapital financing activities | - | - | 1,413,488 | 1,413,488 | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Proceeds from sale of capital assets | 11,835 | - | - | 11,835 | |
| Acquisition of capital assets | (119,814) | - | - | (119,814) | |
| Net cash provided by (used in) capital and related financing activities | (107,979) | - | - | (107,979) | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Interest received | 349,561 | 31,037 | - | 380,598 | |
| Net cash provided by investing activities | 349,561 | 31,037 | - | 380,598 | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | | | | |
| | (3,030,636) | 254,671 | (224,682) | (3,000,647) | |
| CASH AND CASH EQUIVALENTS - Beginning of fiscal year | 28,850,251 | 2,580,032 | 224,682 | 31,654,965 | |
| CASH AND CASH EQUIVALENTS - End of fiscal year | \$ 25,819,615 | \$ 2,834,703 | \$ - | \$ 28,654,318 | |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | |
| Operating income (loss) | \$ (3,440,273) | \$ 303,740 | \$ (1,754,651) | \$ (4,891,184) | |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation | 1,714,974 | 147,214 | 159,339 | 2,021,527 | |
| Changes in assets, deferred outflows, liabilities, and deferred inflows: | | | | | |
| Accounts receivable | (141,712) | (96,658) | - | (238,370) | |
| Prepaid items | 1,870 | 381 | - | 2,251 | |
| Accounts payable | (1,128,975) | (63,332) | 115 | (1,192,192) | |
| Retention payable | (10,397) | (2,855) | - | (13,252) | |
| Accrued salaries payable | 19,271 | 5,593 | 1,206 | 26,070 | |
| Deposits | (21,426) | - | - | (21,426) | |
| Net pension liabilities | 304,639 | 105,518 | 2,119 | 412,276 | |
| Deferred outflow of resources - pension | (82,529) | (25,449) | (4,268) | (112,246) | |
| Deferred inflow of resources - pension | (528,577) | (150,518) | (42,030) | (721,125) | |
| Net OPEB obligation | 25,962 | - | - | 25,962 | |
| Compensated absences | 14,955 | - | - | 14,955 | |
| Total adjustments | 168,055 | (80,106) | 116,481 | 204,430 | |
| Net cash provided by (used in) operating activities | \$ (3,272,218) | \$ 223,634 | \$ (1,638,170) | \$ (4,686,754) | |

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, 2016

| | Successor Agency to the Arcadia Redevelopment Agency | Private-Purpose Trust Fund | Agency Fund |
|---|---|-------------------------------|----------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 5,615,943 | \$ 2,390,537 | |
| Cash and investments with fiscal agent | 2,897,363 | - | |
| Accounts receivable | - | 6,311 | |
| Interest receivable | 7,823 | - | |
| Due from other governments | 11,000 | - | |
| Total current assets | 8,532,129 | 2,396,848 | |
| Noncurrent assets: | | | |
| Land held for resale | 4,770,232 | - | |
| Total noncurrent assets | 4,770,232 | - | |
| Total assets | 13,302,361 | \$ 2,396,848 | |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 112 | \$ 135,564 | |
| Accrued salaries payable | 792 | - | |
| Deposits payable | - | 2,261,284 | |
| Interest payable | 359,256 | - | |
| Bonds payable - due within one year | 1,463,355 | - | |
| Total current liabilities | 1,823,515 | 2,396,848 | |
| Noncurrent liabilities: | | | |
| Bonds payable - due in more than one year | 18,866,709 | - | |
| Total noncurrent liabilities | 18,866,709 | - | |
| Total liabilities | 20,690,224 | \$ 2,396,848 | |
| NET POSITION (DEFICIT) | | | |
| Held in trust | \$ (7,387,863) | | |

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, 2016

| | Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund |
|---|--|
| ADDITIONS: | |
| Redevelopment Property Tax Trust Fund | \$ 2,812,436 |
| Use of money and property | <u>204,240</u> |
| Total additions | <u>3,016,676</u> |
| DEDUCTIONS: | |
| Enforceable obligations | 1,248,871 |
| Administration | 296,846 |
| Land transfer to Los Angeles County Housing Authority | <u>1,268,272</u> |
| Total deductions | <u>2,813,989</u> |
| Change in net position | 202,687 |
| NET POSITION (DEFICIT): | |
| Beginning of fiscal year | <u>(7,590,550)</u> |
| End of fiscal year | <u>\$ (7,387,863)</u> |

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NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Arcadia
Notes to the Basic Financial Statements
June 30, 2016

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, 2016

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, 2016

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.
- Parks and Recreation Special Revenue Fund – This fund was 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.
- 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.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

- Transit System Enterprise Fund – This fund was established to account for the City-operated “Dial-A-Ride” van service to the general public.

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”.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

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 |

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.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

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”).

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 |

O. 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.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

P. 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.

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.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Spending Policy (Continued)

Governmental Fund Financial Statements (Continued)

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.

S. Accounting Changes

Governmental Accounting Standards Board Statement No. 72

For the fiscal year ended June 30, 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Applications*. This Statement is effective for periods beginning after June 15, 2015. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. Implementation of GASB Statement No. 72 did have an impact on the City's financial statements for the fiscal year ended June 30, 2016, see Note 2 – Cash and Investments for further detail.

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, 2016:

| | Government-Wide Statement of Net Position | | | Fiduciary Fund Statement of Net Position | |
|--|---|--------------------------|----------------------|--|-----------------------|
| | | | Total | | |
| | Governmental Activities | Business-Type Activities | | | Total |
| Cash and investments | \$ 62,594,014 | \$ 28,654,318 | \$ 91,248,332 | \$ 8,006,480 | \$ 99,254,812 |
| Cash and investments with fiscal agent | - | - | - | 2,897,363 | 2,897,363 |
| Total cash and investments | \$ 62,594,014 | \$ 28,654,318 | \$ 91,248,332 | \$ 10,903,843 | \$ 102,152,175 |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 2 – Cash and Investments (Continued)

The City's cash and investments at June 30, 2016 consists of the following:

| | |
|---|-----------------------|
| Cash and cash equivalents: | |
| Petty cash | \$ 18,956 |
| Demand deposits | <u>1,337,650</u> |
| Total cash and cash equivalents | <u>1,356,606</u> |
| Investments: | |
| Local Agency Investment Fund | 24,939,021 |
| Certificates of Deposits | 3,251,384 |
| Medium-term Notes | 14,266,626 |
| U.S. Treasury Notes | 9,195,301 |
| U.S. Government Sponsored Enterprise Securities | <u>46,245,874</u> |
| Total investments | <u>97,898,206</u> |
| Cash and investments with fiscal agent: | |
| Money Market Funds | <u>2,897,363</u> |
| Total cash and investments | <u>\$ 102,152,175</u> |

A. Deposits

The carrying amounts of the City's demand deposits were \$1,337,650 at June 30, 2016. Bank balances at that date were \$2,298,889, 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 fair 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, 2016

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, 2016, 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, 2016, the City had \$24,939,021 invested in LAIF, which had invested 2.81% of the pool investment funds in Structured Notes and Asset-Backed Securities.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

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, 2016, 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) | \$ 24,939,021 | \$ 24,939,021 | \$ - | \$ - | \$ - | \$ - |
| Certificates of deposits | 3,251,384 | 1,550,088 | 725,262 | 976,034 | - | - |
| Medium-term Notes | 14,266,626 | 7,722,662 | 6,543,964 | - | - | - |
| U.S. Treasury Notes | 9,195,301 | 8,190,653 | 1,004,648 | - | - | - |
| Federal Farm Credit Bank | 13,452,060 | - | 7,197,462 | 6,254,598 | - | - |
| Federal Home Loan Bank | 14,726,105 | 5,017,486 | 6,684,379 | 3,024,240 | - | - |
| Federal Home Loan Mortgage Corporation | 6,619,865 | 4,012,916 | 1,606,139 | - | 1,000,810 | - |
| Federal National Mortgage Association | 11,447,844 | 1,402,564 | 9,030,220 | 1,015,060 | - | - |
| Held by Fiscal Agent: | | | | | | |
| Money Market Funds | 2,897,363 | 2,897,363 | - | - | - | - |
| Total | \$ 100,795,569 | \$ 55,732,753 | \$ 32,792,074 | \$ 11,269,932 | \$ 1,000,810 | \$ - |

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, 2016, the City's credit risks, expressed on a percentage basis, were as follows:

| Investment Type | Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Investments | | |
|--|---|---------------------------|--|
| | Moody's Credit Rating | S&P's Credit Rating | % of Investments with Interest Rate Risk |
| Local Agency Investment Fund (LAIF) | Not Rated | Not Rated | 24.74% |
| Certificates of deposits | Not Rated | Not Rated | 3.23% |
| Medium term Notes: | | | |
| Apple | Aa1 | AA+ | 1.49% |
| Berkshire Hathaway | Aa2 | AA | 2.00% |
| Chevron | Aa2 | AA- | 1.00% |
| Coca-Cola | Aa3 | AA- | 0.75% |
| General Electric Capital Corp. | A1 | AA+ | 1.00% |
| IBM | Aa3 | AA- | 1.00% |
| Microsoft | Aaa | AAA | 0.99% |
| Merck | A1 | AA+ | 1.00% |
| Proctor & Gamble | Aa3 | AA- | 0.99% |
| Toyota Motor | Aa3 | AA- | 1.94% |
| Wells Fargo | A2 | A | 0.99% |
| U.S. Bancorp | A1 | A+ | 1.00% |
| U.S. Treasury Notes | Aaa | AA+ | 9.12% |
| Federal Farm Credit Bank | Aaa | AA+ | 13.35% |
| Federal Home Loan Bank | Aaa | AA+ | 14.61% |
| Federal Home Loan Mortgage Corporation | Aaa | AA+ | 6.57% |
| Federal National Mortgage Association | Aaa | AA+ | 11.36% |
| Held by Fiscal Agent | | | |
| Money Market Funds | Not Rated | Not Rated | 2.87% |
| Total | | | 100.00% |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

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, 2016.

D. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The City pool investment has the following recurring fair value measurements as of June 30, 2016:

| Investment by Fair Value Level | Fair Value | Fair Value Measurements Using | | | |
|---|----------------------|--|---------------------------------------|---|----------|
| | | Quoted Prices in Active Markets for Identical Assets | Significant Other Observable Input | Significant Unobservable Inputs (Level 3) | |
| (Level 1) | (Level 2) | | | | |
| Debt securities | | | | | |
| Certificates of deposits | \$ 3,251,384 | \$ 3,251,384 | \$ - | \$ - | - |
| Medium-term Notes | 14,266,626 | 14,266,626 | - | - | - |
| U.S. Treasury Notes | 9,195,301 | 9,195,301 | - | - | - |
| Federal Farm Credit Bank | 13,452,060 | 13,452,060 | - | - | - |
| Federal Home Loan Bank | 14,726,105 | 14,726,105 | - | - | - |
| Federal Home Loan Mortgage Corporation | 6,619,865 | 6,619,865 | - | - | - |
| Federal National Mortgage Association | 11,447,844 | 11,447,844 | - | - | - |
| Total Investments Measured at Fair Value | 72,959,185 | \$ 72,959,185 | \$ - | \$ - | - |
| Investments Measured at Amortized Cost | | | | | |
| LAIF | 24,939,021 | | | | |
| Total Pooled Investments | \$ 97,898,206 | | | | |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 3 – Interfund Transactions

A. Government-Wide Financial Statements

Due From/To Other Fund - At June 30, 2016, the City had the following due from/to other funds:

| Due from Other Funds | |
|-----------------------------|-------------------------|
| Due to Other Funds | |
| Business-Type Activities | Governmental Activities |
| | 196,673 |
| Total | \$ 196,673 |

The above interfund balances resulted from temporary reclassifications made at June 30, 2016 to cover cash shortfalls of the Transit System Enterprise Fund.

Transfers - At June 30, 2016, the City had the following transfers for the operation of the Transit System Enterprise Fund:

| Transfers In | |
|--------------------------|-------------------------|
| Transfers Out | |
| Business-Type Activities | Governmental Activities |
| | \$ 871,261 |

B. Fund Financial Statements

Due From/To Other Funds - At June 30, 2016, the City had the following due from/to other funds:

| Due from Other Funds | |
|-----------------------------|-------------------|
| Due to Other Funds | |
| General Fund | General Fund |
| Nonmajor Governmental Funds | 163,650 |
| Major Transit System Fund | 196,673 |
| Total | \$ 360,323 |

The above interfund balances resulted from temporary reclassifications made at June 30, 2016 to cover cash shortfalls.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 3 – Interfund Transactions (Continued)

B. Fund Financial Statements (Continued)

Transfers In/Out - At June 30, 2016, the City had the following transfers in/out which arise in the normal course of operations:

| Transfers Out | Transfers In | | | | | Total | |
|-----------------------------|---------------------|-----------------------|-------------------|-----------------------------|-------------------|----------------------|--|
| | General Fund | Capital Outlay | | Nonmajor Governmental Funds | | | |
| | | Capital Projects Fund | | | | | |
| General Fund | \$ - | \$ 8,129,016 | \$ 680,070 | \$ - | \$ - | \$ 8,809,086 | |
| Nonmajor Governmental Funds | 1,521,376 | - | - | 871,261 | 871,261 | 2,392,637 | |
| Total | \$ 1,521,376 | \$ 8,129,016 | \$ 680,070 | \$ 871,261 | \$ 871,261 | \$ 11,201,723 | |

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 fund future capital projects.

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, 2016 is as follows:

| | Governmental Activities | | | |
|--|-------------------------|---------------------|-----------------------|--------------------------|
| | Balance July 1, 2015 | | | Balance June 30, 2016 |
| | | Additions | Deletions | |
| Nondepreciable assets: | | | | |
| Land | \$ 5,738,644 | \$ - | \$ - | \$ 5,738,644 |
| Construction in progress | 2,317,785 | 1,911,378 | (3,308,416) | 920,747 |
| Total nondepreciable assets | 8,056,429 | 1,911,378 | (3,308,416) | 6,659,391 |
| Depreciable assets: | | | | |
| Building and improvements | 57,046,672 | 868,418 | - | 57,915,090 |
| Automotive equipment | 9,754,454 | 1,751,023 | (1,189,533) | 10,315,944 |
| Furniture and equipment | 2,714,814 | 517,775 | (471,300) | 2,761,289 |
| Infrastructure | 86,764,788 | 2,439,998 | - | 89,204,786 |
| Total capital assets, being depreciated | 156,280,728 | 5,577,214 | (1,660,833) | 160,197,109 |
| Less accumulated depreciation: | | | | |
| Building and improvements | (21,418,448) | (1,749,585) | - | (23,168,033) |
| Automobile equipment | (7,807,450) | (678,254) | 1,012,095 | (7,473,609) |
| Furniture and equipment | (1,960,000) | (220,356) | 471,300 | (1,709,056) |
| Infrastructure | (68,896,230) | (1,479,655) | - | (70,375,885) |
| Total accumulated depreciation | (100,082,128) | (4,127,850) | 1,483,395 | (102,726,583) |
| Total depreciable assets, net | 56,198,600 | 1,449,364 | (177,438) | 57,470,526 |
| Governmental activities capital assets, net | \$ 64,255,029 | \$ 3,360,742 | \$ (3,485,854) | \$ 64,129,917 |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

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, 2016 as follows:

| | |
|-----------------------------------|----------------------------|
| General government | \$ 239,751 |
| Public safety | 1,585,760 |
| Public works services | 1,769,535 |
| Community development | 23,544 |
| Library | 252,582 |
| Recreation and community services | <u>256,678</u> |
| Total depreciation expense | <u>\$ 4,127,850</u> |

A summary of changes in the capital assets for the business-type activities for the fiscal year ended June 30, 2016 is as follows:

| | Business-Type Activities | | | |
|---|--------------------------|-----------------------|------------------|--------------------------|
| | Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 |
| Nondepreciable assets: | | | | |
| Land | \$ 192,436 | \$ - | \$ - | \$ 192,436 |
| Water rights | 5,602,000 | - | - | 5,602,000 |
| Construction in progress | - | 49,948 | - | 49,948 |
| Total nondepreciable assets | 5,794,436 | 49,948 | - | 5,844,384 |
| Depreciable assets: | | | | |
| Water treatment plant and systems | 71,297,531 | - | - | 71,297,531 |
| Sewer pipes | 10,920,256 | - | - | 10,920,256 |
| Automotive equipment | 2,865,226 | 46,926 | (24,843) | 2,887,309 |
| Furniture and equipment | 484,436 | 22,940 | (157,110) | 350,266 |
| Total capital assets, being depreciated | 85,567,449 | 69,866 | (181,953) | 85,455,362 |
| Less accumulated depreciation: | | | | |
| Water treatment plant and systems | (32,994,344) | (1,672,290) | - | (34,666,634) |
| Sewer pipes | (6,676,341) | (145,961) | - | (6,822,302) |
| Automobile equipment | (2,468,784) | (196,447) | 24,843 | (2,640,388) |
| Furniture and equipment | (363,453) | (6,829) | 157,110 | (213,172) |
| Total accumulated depreciation | (42,502,922) | (2,021,527) | 181,953 | (44,342,496) |
| Total depreciable assets, net | 43,064,527 | (1,951,661) | - | 41,112,866 |
| Business-type activities capital assets, net | \$ 48,858,963 | \$ (1,901,713) | \$ - | \$ 46,957,250 |

Depreciation expense for business-type activities for the fiscal year ended June 30, 2016 was charged as follows:

| | |
|-----------------------------------|----------------------------|
| Water Utility | \$ 1,714,974 |
| Sewer Maintenance | 147,214 |
| Transit System | <u>159,339</u> |
| Total depreciation expense | <u>\$ 2,021,527</u> |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

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, 2016 is as follows:

| | Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 | Due within One Year | Due in more than One Year |
|-------------------------------|------------------------------|-----------------------------|-------------------------------|------------------------------|----------------------------|------------------------------|
| 2011 General Obligation Bonds | \$ 7,220,000 | \$ - | \$ (295,000) | \$ 6,925,000 | \$ 305,000 | \$ 6,620,000 |
| 2012 General Obligation Bonds | 5,710,000 | - | (260,000) | 5,450,000 | 260,000 | 5,190,000 |
| Subtotal | <u>12,930,000</u> | <u>-</u> | <u>(555,000)</u> | <u>12,375,000</u> | <u>565,000</u> | <u>11,810,000</u> |
| Add deferred amounts: | | | | | | |
| Bond premium - 2011 GOB | 359,767 | - | (22,265) | 337,502 | 22,265 | 315,237 |
| Bond premium - 2012 GOB | 312,492 | - | (19,345) | 293,147 | 19,345 | 273,802 |
| Subtotal | <u>672,259</u> | <u>-</u> | <u>(41,610)</u> | <u>630,649</u> | <u>41,610</u> | <u>589,039</u> |
| Total bonds payable | <u>13,602,259</u> | <u>-</u> | <u>(596,610)</u> | <u>13,005,649</u> | <u>606,610</u> | <u>12,399,039</u> |
| Claims and judgments payable | 7,376,079 | 2,356,943 | (1,505,378) | 8,227,644 | 2,168,972 | 6,058,672 |
| Compensated absences | 2,448,845 | 1,768,413 | (1,616,057) | 2,601,201 | 1,616,057 | 985,144 |
| Net OPEB obligation | 2,586,386 | 1,403,230 | (2,129,835) | 1,859,781 | - | 1,859,781 |
| Net pension liabilities | 96,762,871 | 23,765,868 | (14,864,442) | 105,664,297 | - | 105,664,297 |
| Total | <u>\$ 122,776,440</u> | <u>\$ 29,294,454</u> | <u>\$ (20,712,322)</u> | <u>\$ 131,358,572</u> | <u>\$ 4,391,639</u> | <u>\$ 126,966,933</u> |

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, 2016

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, 2016 totaled \$6,925,000.

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

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------------|---------------------|---------------------|---------------------|
| 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 | 370,000 | 223,620 | 593,620 |
| 2022-2026 | 2,110,000 | 845,531 | 2,955,531 |
| 2027-2031 | 2,560,000 | 392,861 | 2,952,861 |
| 2032 | 575,000 | 12,075 | 587,075 |
| TOTAL | \$ 6,925,000 | \$ 2,538,792 | \$ 9,463,792 |

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, 2016 totaled \$5,450,000.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

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 |
|-----------------------------------|---------------------|---------------------|---------------------|
| 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 | 305,000 | 112,725 | 417,725 |
| 2022-2026 | 1,695,000 | 409,826 | 2,104,826 |
| 2027-2031 | 1,930,000 | 200,649 | 2,130,649 |
| 2032 | 420,000 | 6,300 | 426,300 |
| TOTAL | \$ 5,450,000 | \$ 1,289,450 | \$ 6,739,450 |

Claims and Judgments Payable

The amount of claims and judgments payable at June 30, 2016 was \$8,227,644. 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 \$2,601,201.

B. Business-Type Activities

A summary of changes in long-term liabilities for business-type activities for the fiscal year ended June 30, 2016 is as follows:

| | Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 | Due within One Year | Due in more than One Year |
|-----------------------------|-------------------------|---------------------|-----------------------|--------------------------|------------------------|------------------------------|
| Compensated absences | \$ 148,099 | \$ 112,999 | \$ (98,044) | \$ 163,054 | \$ 98,043 | \$ 65,011 |
| Net OPEB obligation | 165,068 | 58,911 | (32,949) | 191,030 | - | 191,030 |
| Net pension liabilities | 6,487,888 | 1,573,408 | (1,161,132) | 6,900,164 | - | 6,900,164 |
| Total long-term debt | \$ 6,801,055 | \$ 1,745,318 | \$ (1,292,125) | \$ 7,254,248 | \$ 98,043 | \$ 7,156,205 |

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 \$163,054 at June 30, 2016.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

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, 2016 is as follows:

| | Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 | Due within One Year | Due in more than One Year |
|----------------------------|-------------------------|-------------|-----------------------|--------------------------|------------------------|------------------------------|
| 2001A Tax Allocation Bonds | \$ 5,080,000 | \$ - | \$ (525,000) | \$ 4,555,000 | \$ 555,000 | \$ 4,000,000 |
| 2010 Tax Allocation Bonds | 16,940,000 | - | (895,000) | 16,045,000 | 935,000 | 15,110,000 |
| Subtotal | 22,020,000 | - | (1,420,000) | 20,600,000 | 1,490,000 | 19,110,000 |
| Less deferred amounts: | | | | | | |
| Bond discount | (296,581) | - | 26,645 | (269,936) | (26,645) | (243,291) |
| Total bonds payable | \$ 21,723,419 | \$ - | \$ (1,393,355) | \$ 20,330,064 | \$ 1,463,355 | \$ 18,866,709 |

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, 2016 was 2.30 (230%).

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 \$783,269 and total net revenues reported by the Successor Agency was \$2,812,436.

The amount of bonds outstanding at June 30, 2016 totaled \$4,555,000 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, 2016

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 |
|-----------------------------------|---------------------|-------------------|---------------------|
| 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 | 680,000 | 186,038 | 866,038 |
| 2022-2023 | 1,475,000 | 38,693 | 1,513,693 |
| TOTAL | \$ 4,555,000 | \$ 979,538 | \$ 5,534,538 |

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, 2016 was 2.30 (230%).

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 \$1,876,113 and total net revenues reported by the Successor Agency were \$2,812,436.

The amount of bonds outstanding at June 30, 2016 totaled \$16,045,000 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, 2016

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:

| Year Ending June 30, | Fiscal | | | Total |
|-------------------------|----------------------|---------------------|----------------------|-------|
| | Principal | Interest | | |
| 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 | 1,135,000 | 723,616 | 1,858,616 | |
| 2022-2026 | 6,025,000 | 2,377,206 | 8,402,206 | |
| 2027 | 4,875,000 | 83,310 | 4,958,310 | |
| TOTAL | \$ 16,045,000 | \$ 6,643,143 | \$ 22,688,143 | |

Note 6 – Expenditures in Excess of Appropriations

The following funds had expenditures in excess of budget:

| Fund | Appropriations | Expenditures | Excess Expenditures over Appropriations |
|-------------------------------------|----------------|--------------|--|
| Major Governmental Fund | | | |
| General Fund: | | | |
| General government | | | |
| City Clerk | \$ 406,200 | \$ 435,526 | \$ 29,326 |
| Public safety | | | |
| Fire | 14,013,409 | 14,147,306 | 133,897 |
| Nonmajor Governmental Funds: | | | |
| Special Revenue Funds: | | | |
| Narcotics Seizure: | | | |
| Police | 135,231 | 153,879 | 18,648 |
| CDBG: | | | |
| Recreation and community services | 66,200 | 67,833 | 1,633 |
| Prop A Transit: | | | |
| Public works services | 107,700 | 110,024 | 2,324 |
| Measure R: | | | |
| Community development | 60,000 | 60,221 | 221 |
| Parking District: | | | |
| Public works services | 4,700 | 4,716 | 16 |

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

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

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, 2016, 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 2015-2016 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, 2016, the amount of these liabilities was \$8,227,644 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 |
|-----------------------------------|-----------------------------|--|--------------------|------------------------------------|
| 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 |
| 2016 | 7,376,079 | 2,356,943 | (1,505,378) | 8,227,644 |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

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, 2016

Note 8 – Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

| | City Miscellaneous Plan | | | |
|---|---|--|-----------------------------|-----------------------------|
| | Tier I | Hybrid | Tier II | Tier III |
| 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% | 6.00% |
| Required employer contribution rates | Total 24.900%. Employee pays 8% of employer cost through cost-sharing | 24.900% | 24.900% | 6.00% |

| | City Safety Plan | | | |
|---|---|--|-----------------------------|-----------------------------|
| | Tier I | Hybrid | Tier II | Tier III |
| 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% | 10.75% |
| Required employer contribution rates | Total 42.193%. Employee pays 9% of employer cost through cost-sharing | 42.193% | 42.193% | 10.75% |

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

| | Miscellaneous | Safety |
|--|---------------|------------|
| Inactive employees or beneficiaries currently receiving benefits | 296 | 216 |
| Inactive employees entitled to but not yet receiving benefits | 330 | 109 |
| Active employees | 188 | 118 |
| Total | 814 | 443 |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 8 – Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer-Paid Member Contributions or situations where members are paying a portion of the employer contribution.

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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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, 2014 actuarial valuations were determined using the following actuarial assumptions:

| | Miscellaneous | Safety |
|-----------------------------------|---|---------------|
| Valuation Date | June 30, 2014 | June 30, 2014 |
| Measurement Date | June 30, 2015 | June 30, 2015 |
| Actuarial Cost Method | Entry Age Normal in Accordance with the Requirements of GASB 68 | |
| Actuarial Assumptions: | | |
| Discount Rate | 7.65% | 7.65% |
| Inflation | 2.75% | 2.75% |
| Salary Increases | Varies by Entry Age and Service | |
| Investment Rate of Return | 7.65 % Net of Pension Plan Investment Expenses, includes Inflation | |
| Mortality Rate Table ¹ | Derived using CalPERS’ Membership Data for all Funds | |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter | |

(1) The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 8 – Pension Plan (Continued)

B. Net Pension Liability (Continued)

Change of Assumptions - GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate – The discount rate used to measure the total pension liability was 7.65 percent. 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 of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

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, staff took into account both short-term and longterm market return expectations as well as the expected pension fund (Public Employees’ Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and longterm 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, 2016

Note 8 – Pension Plan (Continued)

B. Net Pension Liability (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

| Asset Class | New Strategic Allocation | Real Return Years 1 - 10 ¹ | Real Return Years 11+ ² |
|-------------------------------|--------------------------|---------------------------------------|------------------------------------|
| Global Equity | 51.00% | 5.25% | 5.71% |
| Global Fixed Income | 19.00% | 0.99% | 2.43% |
| Inflation Sensitive | 6.00% | 0.45% | 3.36% |
| Private Equity | 10.00% | 6.83% | 6.95% |
| Real Estate | 10.00% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2.00% | 4.50% | 5.09% |
| Liquidity | 2.00% | -0.55% | -1.05% |
| Total | 100.00% | | |

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

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

Subsequent Events - There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses - Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings on investments 5 year straight-line amortization

All other amounts Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 8 – Pension Plan (Continued)

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, 2014 | \$ 129,864,868 | \$ 95,577,872 | \$ 34,286,996 |
| Changes during the year: | | | |
| Service Cost | 2,219,359 | - | 2,219,359 |
| Interest on the Total Pension Liability | 9,503,789 | - | 9,503,789 |
| Change of Assumptions | (2,327,431) | - | (2,327,431) |
| Differences between Expected and Actual Experience | (1,103,125) | - | (1,103,125) |
| Plan to Plan Resource Movement | - | (420) | 420 |
| Contribution from the Employer | - | 3,005,140 | (3,005,140) |
| Contribution from the Employees | - | 1,041,598 | (1,041,598) |
| Net investment income | - | 2,193,768 | (2,193,768) |
| Benefit Payments | (6,622,897) | (6,622,897) | - |
| Administrative Expense | - | (107,014) | 107,014 |
| Net Changes | 1,669,695 | (489,825) | 2,159,520 |
| Balance at June 30, 2015 | \$ 131,534,563 | \$ 95,088,047 | \$ 36,446,516 |

Public Safety Plan:

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| Balance at June 30, 2014 | \$ 212,332,050 | \$ 143,368,287 | \$ 68,963,763 |
| Changes during the year: | | | |
| Service Cost | 3,763,633 | - | 3,763,633 |
| Interest on the Total Pension Liability | 15,776,405 | - | 15,776,405 |
| Change of Assumptions | (3,988,041) | - | (3,988,041) |
| Differences between Expected and Actual Experience | 1,494,687 | - | 1,494,687 |
| Plan to Plan Resource Movement | - | (23,206) | 23,206 |
| Contribution from the Employer | - | 5,537,175 | (5,537,175) |
| Contribution from the Employees | - | 1,299,531 | (1,299,531) |
| Net investment income | - | 3,239,139 | (3,239,139) |
| Benefit Payments | (10,986,006) | (10,986,006) | - |
| Administrative Expense | - | (160,137) | 160,137 |
| Net Changes | 6,060,678 | (1,093,504) | 7,154,182 |
| Balance at June 30, 2015 | \$ 218,392,728 | \$ 142,274,783 | \$ 76,117,945 |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 8 – Pension Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

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 | 6.65% | 6.65% |
| Net Pension Liability | \$ 54,040,666 | \$ 106,389,388 |
| Current Discount Rate | 7.65% | 7.65% |
| Net Pension Liability | \$ 36,446,516 | \$ 76,117,945 |
| 1% Increase | 8.65% | 8.65% |
| Net Pension Liability | \$ 21,971,955 | \$ 51,392,076 |

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

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

For the fiscal year ended June 30, 2016, the City recognized pension expense of \$7,109,571. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Pension Contributions Subsequent to Measurement Date | \$ 9,716,473 | \$ - |
| Changes of Assumptions | - | (4,149,760) |
| Differences between Expected and Actual Experiences | 1,079,496 | (601,705) |
| Net Differences Between Projected and Actual Earnings on Pension Plan Investments | - | (2,681,984) |
| Total | \$ 10,795,969 | \$ (7,433,449) |

\$9,716,473 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:

| Measurement Periods Ended | |
|------------------------------|----------------|
| June 30 | |
| 2016 | \$ (3,983,023) |
| 2017 | (2,735,550) |
| 2018 | (2,146,643) |
| 2019 | 2,511,263 |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

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.

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, 2016, the City contributed \$2,162,784 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.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 9 – Postemployment Health Care Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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 | \$ 1,426,664 | \$ 60,406 | \$ 1,487,070 |
| Interest on Beginning Net OPEB Obligation | 122,853 | 7,841 | 130,694 |
| Adjustment to the Annual Required Contribution | <u>(146,287)</u> | <u>(9,336)</u> | <u>(155,623)</u> |
| Annual OPEB Cost | 1,403,230 | 58,911 | 1,462,141 |
| Contributions Made Outside of a Trust | (778,185) | (32,949) | (811,134) |
| Contributions Made to a Trust | <u>(1,351,650)</u> | <u>-</u> | <u>(1,351,650)</u> |
| Change in Net OPEB Obligation | (726,605) | 25,962 | (700,643) |
| Net OPEB Obligation, Beginning of Fiscal Year | <u>2,586,386</u> | <u>165,068</u> | <u>2,751,454</u> |
| Net OPEB Obligation, End of Fiscal Year | <u>\$ 1,859,781</u> | <u>\$ 191,030</u> | <u>\$ 2,050,811</u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding two years is as follows:

| Fiscal Year | Annual OPEB Cost | Annual Contribution | % of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------|------------------------|------------------------|---|---------------------------|
| 6/30/2014 | \$ 948,138 | \$ 767,730 | 80.97% | \$ 1,943,719 |
| 6/30/2015 | 1,579,397 | 771,662 | 48.86% | 2,751,454 |
| 6/30/2016 | 1,462,141 | 2,162,784 | 147.92% | 2,050,811 |

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.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 9 – Postemployment Health Care Benefits (Continued)

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.

Note 10 – Classification of Fund Balances

At June 30, 2016, fund balances are classified as follows:

| | General | Parks and Recreation | Capital Outlay | Nonmajor Governmental Funds | | Total |
|----------------------------|----------------------|----------------------|----------------------|-----------------------------|----------------------|----------------|
| Nonspendable: | | | | | | |
| Prepaid items and deposits | \$ 45,424 | \$ - | \$ - | \$ - | \$ 45,424 | |
| Inventories | <u>751,881</u> | | | | | <u>751,881</u> |
| Total nonspendable | <u>797,305</u> | - | - | - | - | <u>797,305</u> |
| Restricted: | | | | | | |
| Debt service | - | - | - | 853,677 | 853,677 | |
| Law enforcement | - | - | - | 1,253,412 | 1,253,412 | |
| Transportation / streets | - | - | - | 9,165,526 | 9,165,526 | |
| Parks and recreation | - | 8,237,966 | - | - | 8,237,966 | |
| Solid waste | - | - | - | 1,321,930 | 1,321,930 | |
| Clean air | - | - | - | 206,116 | 206,116 | |
| Street lighting | - | - | - | 105,812 | 105,812 | |
| Library | - | - | - | 11,036 | 11,036 | |
| Cable access | - | - | - | 631,175 | 631,175 | |
| Recycling | - | - | - | 64,714 | 64,714 | |
| Total restricted | <u>-</u> | <u>8,237,966</u> | <u>-</u> | <u>13,613,398</u> | <u>21,851,364</u> | |
| Assigned: | | | | | | |
| Capital improvements | - | - | 11,203,221 | - | 11,203,221 | |
| Equipment replacement | <u>9,586,446</u> | - | - | - | 9,586,446 | |
| Self-insurance | <u>3,332,593</u> | - | - | - | 3,332,593 | |
| Emergency reserves | <u>10,147,111</u> | - | - | - | 10,147,111 | |
| PERS fund reserves | <u>1,351,601</u> | - | - | - | 1,351,601 | |
| Medical/dental fund | <u>338,585</u> | - | - | - | 338,585 | |
| Total assigned | <u>24,756,336</u> | - | <u>11,203,221</u> | - | <u>35,959,557</u> | |
| Unassigned | <u>6,399,003</u> | - | - | - | <u>6,399,003</u> | |
| Total | <u>\$ 31,952,644</u> | <u>\$ 8,237,966</u> | <u>\$ 11,203,221</u> | <u>\$ 13,613,398</u> | <u>\$ 65,007,229</u> | |

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 10 – Classification of Fund Balances (Continued)

At June 30, 2016, outstanding encumbrances by major fund are as follows:

| Funds | Amount |
|---|---------------------|
| General Fund | \$ 490,147 |
| Parks and Recreation Special Revenue Fund | 33,520 |
| Capital Outlay Capital Projects Fund | 473,813 |
| Nonmajor governmental funds | 969,230 |
| Total | \$ 1,966,710 |

Note 11 – Deficit Fund Balances/Net Position

As of June 30, 2016, deficit fund balances/net position were recorded in the following funds:

Major Proprietary Fund:

Transit System Fund \$ 266,395

Fiduciary Fund:

Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund 7,387,863

Note 12 - 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.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2016

Note 13 – Subsequent Events

A. Future Accounting Pronouncements

GASB Statements Nos. 74-75 and 77-82 listed below will be implemented in future financial statements:

| | | |
|------------------|---|--|
| Statement No. 74 | "Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans" | The provision of this statement is effective for fiscal years beginning after June 15, 2016. |
| Statement No. 75 | "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" | The provision of this statement is effective for fiscal years beginning after June 15, 2017. |
| Statement No. 77 | "Tax Abatement Disclosures" | The provision of this statement is effective for fiscal years beginning after December 15, 2015. |
| Statement No. 78 | "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" | The provision of this statement is effective for fiscal years beginning after December 15, 2015. |
| Statement No. 79 | "Certain External Investment Pools and Pool Participants" | The provision of this statement is effective for fiscal years beginning after December 15, 2015. |
| Statement No. 80 | "Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14" | The provision of this statement is effective for fiscal years beginning after December 15, 2015. |
| Statement No. 81 | "Irrevocable Split-Interest Agreements" | The provision of this statement is effective for fiscal years beginning after December 15, 2016. |
| Statement No. 82 | "Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73" | The provision of this statement is effective for fiscal years beginning after December 15, 2017. |

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

City of Arcadia
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2016

Budgetary Comparison Schedule, General Fund

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|--|---------------------|-----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 36,964,900 | \$ 36,964,900 | \$ 36,882,562 | \$ (82,338) |
| Licenses and permits | 5,532,500 | 5,532,500 | 6,387,403 | 854,903 |
| Fines and forfeitures | 605,500 | 605,500 | 572,435 | (33,065) |
| Use of money and property | 1,423,300 | 1,389,300 | 1,527,839 | 138,539 |
| Intergovernmental | 6,012,800 | 6,012,800 | 6,390,849 | 378,049 |
| Charges for services | 4,040,200 | 4,074,200 | 4,548,949 | 474,749 |
| Other revenues | 2,757,400 | 2,757,400 | 3,086,958 | 329,558 |
| Total revenues | 57,336,600 | 57,336,600 | 59,396,995 | 2,060,395 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government: | | | | |
| City council | 286,800 | 286,800 | 260,386 | 26,414 |
| City manager | 833,300 | 843,860 | 749,203 | 94,657 |
| City clerk | 406,200 | 406,200 | 435,526 | (29,326) |
| City attorney | 465,900 | 465,900 | 463,340 | 2,560 |
| General city | 2,666,450 | 2,682,040 | 2,610,690 | 71,350 |
| Administrative services | 3,759,400 | 4,466,618 | 3,847,140 | 619,478 |
| Public safety: | | | | |
| Police | 20,163,400 | 20,457,182 | 19,057,936 | 1,399,246 |
| Fire | 13,679,500 | 14,013,409 | 14,147,306 | (133,897) |
| Public works services | 3,926,200 | 5,120,173 | 4,512,667 | 607,506 |
| Community development | 4,606,600 | 4,783,179 | 4,520,057 | 263,122 |
| Library | 3,548,600 | 3,548,600 | 3,491,033 | 57,567 |
| Recreation and community services | 2,950,500 | 3,008,447 | 2,899,418 | 109,029 |
| Total expenditures | 57,292,850 | 60,082,408 | 56,994,702 | 3,087,706 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 43,750 | (2,745,808) | 2,402,293 | 5,148,101 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 3,937,500 | 2,187,500 | 1,521,376 | (666,124) |
| Transfers out | (829,300) | (3,579,300) | (8,809,086) | (5,229,786) |
| Total other financing sources (uses) | 3,108,200 | (1,391,800) | (7,287,710) | (5,895,910) |
| Net changes in fund balance | \$ 3,151,950 | \$ (4,137,608) | (4,885,417) | \$ (747,809) |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | <u>36,838,061</u> | |
| End of fiscal year | | | <u>\$ 31,952,644</u> | |

See accompanying Notes to the Required Supplementary Information.

City of Arcadia
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2016

Budgetary Comparison Schedule, Parks and Recreation Special Revenue Fund

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 30,100 | \$ 30,100 | \$ 90,231 | \$ 60,131 |
| Charges for services | 1,800,000 | 1,800,000 | 2,096,641 | 296,641 |
| Total revenues | 1,830,100 | 1,830,100 | 2,186,872 | 356,772 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Recreation and community services | 15,200 | 134,131 | 100,861 | 33,270 |
| Total expenditures | 15,200 | 134,131 | 100,861 | 33,270 |
| Net change in fund balance | \$ 1,814,900 | \$ 1,695,969 | 2,086,011 | \$ 390,042 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 6,151,955 | |
| End of fiscal year | | | \$ 8,237,966 | |

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2016

A. General Budget Policies

All governmental funds have legally adopted budgets except OTS Grant Fund, Public, Education, and Government (PEG) Access Television Fund, Used Oil Grant Fund, and DOC Beverage Grant 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, 2016

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

Schedule of Changes in the Net Pension Liability and Related Ratios

| | Miscellaneous Plan FY 2016 | Public Safety FY 2016 | Miscellaneous Plan FY 2015 | Public Safety FY 2015 |
|--|---|--|---|--|
| Measurement Period | 2014-15 ¹ | 2014-15 ¹ | 2013-14 ¹ | 2013-14 ¹ |
| Total Pension Liability | | | | |
| Service Cost | \$ 2,219,359 | \$ 3,763,633 | \$ 2,248,238 | \$ 3,861,700 |
| Interest on the Total Pension Liability | 9,503,789 | 15,776,405 | 9,195,374 | 15,027,164 |
| Changes of Assumptions | (2,327,431) | (3,988,041) | - | - |
| Difference between Expected and Actual Experience | (1,103,125) | 1,494,687 | - | - |
| Benefit Payments, including Refunds of Employee Contributions | (6,622,897) | (10,986,006) | (6,119,226) | (9,976,294) |
| Net Change in Total Pension Liability | 1,669,695 | 6,060,678 | 5,324,386 | 8,912,570 |
| Total Pension Liability - Beginning | 129,864,868 | \$ 212,332,050 | 124,540,482 | 203,419,480 |
| Total Pension Liability - Ending (a) | \$ 131,534,563 | \$ 218,392,728 | \$ 129,864,868 | \$ 212,332,050 |
| Plan Fiduciary Net Position | | | | |
| Contribution from the Employer | \$ 3,005,140 | \$ 5,537,175 | \$ 2,723,852 | \$ 5,003,393 |
| Contribution from the Employees | 1,041,598 | 1,299,531 | 1,050,853 | 1,500,951 |
| Net investment income | 2,193,768 | 3,239,139 | 14,566,912 | 22,017,842 |
| Benefit Payments | (6,622,897) | (10,986,006) | (6,119,226) | (9,976,294) |
| Plan to Plan Resource Movement | (420) | (23,206) | - | - |
| Administrative Expense | (107,014) | (160,137) | - | - |
| Net Change in Plan Fiduciary Net Position | (489,825) | (1,093,504) | 12,222,391 | 18,545,892 |
| Plan Fiduciary Net Position - Beginning | \$ 95,577,872 | \$ 143,368,287 | 83,355,481 | 124,822,395 |
| Plan Fiduciary Net Position - Ending (b) | \$ 95,088,047 | \$ 142,274,783 | \$ 95,577,872 | \$ 143,368,287 |
| Net Pension Liability - Ending (a)-(b) | \$ 36,446,516 | \$ 76,117,945 | \$ 34,286,996 | \$ 68,963,763 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 72.29% | 65.15% | 73.60% | 67.52% |
| Covered - Employee Payroll | \$ 13,353,541 | \$ 14,161,240 | \$ 12,766,824 | \$ 14,011,974 |
| Net Pension Liability as Percentage of Covered-Employee Payroll | 272.94% | 537.51% | 268.56% | 492.18% |

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

Note to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact may have resulted from plan changes which occurred after June 30, 2014 valuation date. This applies for voluntary benefit changes as well as offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

* Fiscal year 2015 was the 1st year of implementation, therefore only two fiscal years are shown.

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2016

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

Schedule of Contributions¹

| | Miscellaneous Plan | |
|--|---------------------------|--------------------|
| | 2016 | 2015 |
| Employer Fiscal Year End | | |
| Actuarially Determined Contribution | \$ 3,501,392 | \$ 3,005,140 |
| Contributions in Relation to the Actuarially Determined Contribution | <u>(3,501,392)</u> | <u>(3,005,140)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |
| Covered-Employee Payroll | \$ 14,061,815 | \$ 13,353,541 |
| Contributions as a Percentage of Covered-Employee Payroll | 24.90% | 22.50% |

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

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013 public agency valuations.

| | |
|--|---|
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Amortization Method/Period | Level Percent of Payroll |
| Average Remaining Period | 21 Years as of the Valuation Date |
| Asset Valuation Method | 15 Years Smoothed Market |
| Actuarial Assumptions: | |
| Discount Rate (net of administrative expenses) | 7.50% |
| Projected Salary Increase | 3.30%-14.20% (1) |
| Inflation | 2.75% |
| Payroll Growth | 3.00% |
| Individual Salary Growth | A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%. |
| Investment Rate of Return | 7.50% (2) |
| 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 include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. |

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

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

* Fiscal year 2015 was the 1st year of implementation, therefore only two fiscal years are shown.

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2016

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

Schedule of Contributions¹

| | Public Safety Plan | |
|--|---------------------------|--------------------|
| | 2016 | 2015 |
| Employer Fiscal Year End | \$ 6,215,081 | \$ 5,537,175 |
| Actuarially Determined Contribution | <u>(6,215,081)</u> | <u>(5,537,175)</u> |
| Contributions in Relation to the Actuarially Determined Contribution | <u>\$ -</u> | <u>\$ -</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |
| Covered-Employee Payroll | \$ 14,730,123 | \$ 14,161,240 |
| Contributions as a Percentage of Covered-Employee Payroll | 42.19% | 39.10% |

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

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013 public agency valuations.

| | |
|--|---|
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Amortization Method/Period | Level Percent of Payroll |
| Average Remaining Period | 21 Years as of the Valuation Date |
| Asset Valuation Method | 15 Years Smoothed Market |
| Actuarial Assumptions: | |
| Discount Rate (net of administrative expenses) | 7.50% |
| Projected Salary Increase | 3.30%-14.20% (1) |
| Inflation | 2.75% |
| Payroll Growth | 3.00% |
| Individual Salary Growth | A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%. |
| Investment Rate of Return | 7.50% (2) |
| 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 include 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 two fiscal years are shown.

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2016

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% |

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.

OTS Grant Fund - established to account for the activities of the Selective Traffic Enforcement Grant Program (STEP) coordinated by the Office of Traffic and Safety. The grant is designed to help persons killed and injured in crashes involving alcohol, speed and other primary collision factors. The program supports DUI saturation patrols, and measures that concentrate on seat belt enforcement, intersection operations with disproportion collisions, traffic safety presentations, and motorcycle safety.

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.

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, 2016

| | Special Revenue | | | | |
|--|----------------------|-------------------|------------------|-------------------|---------------------|
| | Narcotics Seizure | COPS SLESF | OTS Grant | Traffic Safety | Solid Waste |
| ASSETS | | | | | |
| Cash and investments | \$ 516,361 | \$ 268,171 | \$ - | \$ - | \$ 1,249,643 |
| Accounts receivable | 3,320 | - | - | - | 10,059 |
| Interest receivable | - | 611 | - | - | 2,837 |
| Due from other governments | 11,033 | - | 15,320 | 7,958 | 68,598 |
| Total assets | \$ 530,714 | \$ 268,782 | \$ 15,320 | \$ 7,958 | \$ 1,331,137 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 966 | \$ - | \$ 1,833 | \$ 5,981 |
| Accrued salaries payable | 1,426 | 1,650 | - | - | 3,226 |
| Due to other funds | - | - | 15,320 | 6,125 | - |
| Total liabilities | 1,426 | 2,616 | 15,320 | 7,958 | 9,207 |
| Fund Balances: | | | | | |
| Restricted | 529,288 | 266,166 | - | - | 1,321,930 |
| Total fund balances | 529,288 | 266,166 | - | - | 1,321,930 |
| Total liabilities and fund balances | \$ 530,714 | \$ 268,782 | \$ 15,320 | \$ 7,958 | \$ 1,331,137 |

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2016

| | Special Revenue | | | | |
|--|-------------------|------------------|---------------------|--------------------------|-----------------------------|
| | AQMD | CDBG | Prop A Transit | Transportation Impact | State and County Gas Tax |
| ASSETS | | | | | |
| Cash and investments | \$ 185,930 | \$ - | \$ 1,198,539 | \$ 1,955,953 | \$ 736,882 |
| Accounts receivable | - | - | - | 17,483 | - |
| Interest receivable | 424 | - | 2,458 | 4,451 | 1,665 |
| Due from other governments | 19,762 | 85,956 | - | - | - |
| Total assets | \$ 206,116 | \$ 85,956 | \$ 1,200,997 | \$ 1,977,887 | \$ 738,547 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 14,807 | \$ 32,780 | \$ - | \$ - |
| Accrued salaries payable | - | 532 | 3,142 | - | - |
| Due to other funds | - | 70,617 | - | - | - |
| Total liabilities | - | 85,956 | 35,922 | - | - |
| Fund Balances: | | | | | |
| Restricted | 206,116 | - | 1,165,075 | 1,977,887 | 738,547 |
| Total fund balances | 206,116 | - | 1,165,075 | 1,977,887 | 738,547 |
| Total liabilities and fund balances | \$ 206,116 | \$ 85,956 | \$ 1,200,997 | \$ 1,977,887 | \$ 738,547 |

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2016

| | Special Revenue | | | | |
|--|---------------------|-------------------------|---------------------|---------------------|-------------------|
| | Measure R | Lighting Maintenance | Parking District | Prop C | IRS Task Force |
| ASSETS | | | | | |
| Cash and investments | \$ 1,781,158 | \$ 103,046 | \$ - | \$ 2,083,097 | \$ 457,958 |
| Accounts receivable | - - | - - | - - | \$ 58,333 | - - |
| Interest receivable | 3,875 | 331 | - - | 4,747 | - - |
| Due from other governments | - - | 6,524 | - - | - - | - - |
| Total assets | \$ 1,785,033 | \$ 109,901 | \$ - | \$ 2,146,177 | \$ 457,958 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - - | \$ - - | \$ - - | \$ 487,673 | \$ - - |
| Accrued salaries payable | 717 | 4,089 | - - | - - | - - |
| Due to other funds | - - | - - | - - | - - | - - |
| Total liabilities | 717 | 4,089 | - - | 487,673 | - - |
| Fund Balances: | | | | | |
| Restricted | 1,784,316 | 105,812 | - - | 1,658,504 | 457,958 |
| Total fund balances | 1,784,316 | 105,812 | - - | 1,658,504 | 457,958 |
| Total liabilities and fund balances | \$ 1,785,033 | \$ 109,901 | \$ - | \$ 2,146,177 | \$ 457,958 |

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2016

| | Special Revenue | | | | |
|--|------------------|---------------------|---------------|------------------|-------------------|
| | Santa Anita | | | | Library |
| | TDA Article 3 | Grade | Homeland | State | PEG |
| | Bikeway | Separation | Security | Grant | Access Television |
| ASSETS | | | | | |
| Cash and investments | \$ - | \$ 1,840,958 | \$ - | \$ 11,011 | \$ 609,492 |
| Accounts receivable | - - | - - | - - | - - | - - |
| Interest receivable | - - | 4,192 | - - | 25 | 1,387 |
| Due from other governments | 71,588 | - - | - - | - - | 20,296 |
| Total assets | \$ 71,588 | \$ 1,845,150 | \$ - - | \$ 11,036 | \$ 631,175 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - - | \$ 3,953 | \$ - - | \$ - - | \$ - - |
| Accrued salaries payable | - - | - - | - - | - - | - - |
| Due to other funds | 71,588 | - - | - - | - - | - - |
| Total liabilities | 71,588 | 3,953 | - - | - - | - - |
| Fund Balances: | | | | | |
| Restricted | - - | 1,841,197 | - - | 11,036 | 631,175 |
| Total fund balances | - - | 1,841,197 | - - | 11,036 | 631,175 |
| Total liabilities and fund balances | \$ 71,588 | \$ 1,845,150 | \$ - - | \$ 11,036 | \$ 631,175 |

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2016

| | Special Revenue | | Debt Service | | Total | |
|--|-------------------|-----------------------|--------------------------------|----------------------|-----------------------------------|--|
| | Used Oil Grant | DOC Beverage Grant | General Obligation Bonds | | Nonmajor Governmental Funds | |
| | | | | | | |
| ASSETS | | | | | | |
| Cash and investments | \$ 18,624 | \$ 48,528 | \$ 828,975 | \$ 13,894,326 | | |
| Accounts receivable | - | - | - | 89,195 | | |
| Interest receivable | 43 | 111 | 1,887 | 29,044 | | |
| Due from other governments | - | - | 22,815 | 329,850 | | |
| Total assets | \$ 18,667 | \$ 48,639 | \$ 853,677 | \$ 14,342,415 | | |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 2,592 | \$ - | \$ - | \$ 550,585 | | |
| Accrued salaries payable | - | - | - | 14,782 | | |
| Due to other funds | - | - | - | 163,650 | | |
| Total liabilities | 2,592 | - | - | 729,017 | | |
| Fund Balances: | | | | | | |
| Restricted | 16,075 | 48,639 | 853,677 | 13,613,398 | | |
| Total fund balances | 16,075 | 48,639 | 853,677 | 13,613,398 | | |
| Total liabilities and fund balances | \$ 18,667 | \$ 48,639 | \$ 853,677 | \$ 14,342,415 | | |

(Concluded)

City of Arcadia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

| | Special Revenue | | | | |
|--|----------------------|-------------------|----------------|-------------------|---------------------|
| | Narcotics Seizure | COPS SLESF | OTS Grant | Traffic Safety | Solid Waste |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 437,224 |
| Licenses and permits | - - | - - | - - | - - | - - |
| Fines and forfeitures | - - | - - | - - | 228,726 | - - |
| Use of money and property | 842 | 3,371 | - - | - - | 14,555 |
| Intergovernmental | - - | - - | 113,870 | - - | - - |
| Charges for services | - - | - - | - - | - - | 108,857 |
| Other revenues | 76,387 | 114,618 | - - | - - | 3,026 |
| Total revenues | 77,229 | 117,989 | 113,870 | 228,726 | 563,662 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| General city | - - | - - | - - | - - | - - |
| Public safety: | | | | | |
| Police | 153,879 | 129,024 | 113,870 | - - | - - |
| Fire | - - | - - | - - | - - | - - |
| Public works services | - - | - - | - - | - - | 351,938 |
| Community development | - - | - - | - - | - - | - - |
| Library | - - | - - | - - | - - | - - |
| Recreation and community services | - - | - - | - - | - - | - - |
| Debt service: | | | | | |
| Principal retirement | - - | - - | - - | - - | - - |
| Interest and fiscal charges | - - | - - | - - | - - | - - |
| Total expenditures | 153,879 | 129,024 | 113,870 | - - | 351,938 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (76,650) | (11,035) | - | 228,726 | 211,724 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - - | - - | - - | - - | - - |
| Transfers out | - - | - - | - - | (228,726) | (108,613) |
| Total other financing sources (uses) | - - | - - | - - | (228,726) | (108,613) |
| Net changes in fund balances | (76,650) | (11,035) | - | - | 103,111 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of fiscal year | 605,938 | 277,201 | - - | - - | 1,218,819 |
| End of fiscal year | <u>\$ 529,288</u> | <u>\$ 266,166</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,321,930</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, 2016

| | Special Revenue | | | | |
|--|-----------------|----------------|-------------------|--------------------------|-----------------------------|
| | AQMD | CDBG | Prop A Transit | Transportation Impact | State and County Gas Tax |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - - | - - | - - | 335,883 | - - |
| Fines and forfeitures | - - | - - | - - | - - | - - |
| Use of money and property | 1,937 - | 265,959 - | 12,213 1,037,889 | 21,746 17,483 | 8,822 1,245,781 |
| Intergovernmental | 70,394 - | 22,853 - | - - | - - | - - |
| Charges for services | - - | - - | - - | - - | - - |
| Other revenues | - - | - - | - - | - - | - - |
| Total revenues | 72,331 | 288,812 | 1,050,102 | 375,112 | 1,254,603 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| General city | - - | - - | - - | - - | - - |
| Public safety: | | | | | |
| Police | - - | - - | - - | - - | - - |
| Fire | - - | - - | - - | - - | - - |
| Public works services | - - | - - | 110,024 | - - | 398,557 |
| Community development | 15,305 - | 220,979 - | 156,174 | 69,759 | 16,913 |
| Library | - - | - - | - - | - - | - - |
| Recreation and community services | - - | 67,833 - | 16,200 | - - | - - |
| Debt service: | | | | | |
| Principal retirement | - - | - - | - - | - - | - - |
| Interest and fiscal charges | - - | - - | - - | - - | - - |
| Total expenditures | 15,305 | 288,812 | 282,398 | 69,759 | 415,470 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 57,026 | - | 767,704 | 305,353 | 839,133 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - - | - - | - - | - - | - - |
| Transfers out | - - | - - | (522,755) | - - | (1,184,037) |
| Total other financing sources (uses) | - | - | (522,755) | - | (1,184,037) |
| Net changes in fund balances | 57,026 | - | 244,949 | 305,353 | (344,904) |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of fiscal year | 149,090 - | - - | 920,126 | 1,672,534 | 1,083,451 |
| End of fiscal year | \$ 206,116 | \$ - | \$ 1,165,075 | \$ 1,977,887 | \$ 738,547 |

(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, 2016

| | Special Revenue | | | | |
|--|---------------------|-------------------------|---------------------|---------------------|-------------------|
| | Measure R | Lighting Maintenance | Parking District | Prop C | IRS Task Force |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ 465,629 | \$ - | \$ - | \$ - |
| Licenses and permits | - - | - - | - - | - - | - - |
| Fines and forfeitures | - - | - - | - - | - - | - - |
| Use of money and property | 19,668 | 1,420 | 18 | 23,807 | 687 |
| Intergovernmental | 646,067 | - - | - - | 917,250 | - - |
| Charges for services | - - | - - | - - | - - | - - |
| Other revenues | - - | - - | - - | - - | - - |
| Total revenues | 665,735 | 467,049 | 18 | 941,057 | 687 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| General city | - - | - - | - - | - - | - - |
| Public safety: | | | | | |
| Police | - - | - - | - - | - - | - - |
| Fire | - - | - - | - - | - - | - - |
| Public works services | - - | 1,133,451 | 4,716 | - - | - - |
| Community development | 60,221 | - - | - - | 1,007,664 | - - |
| Library | - - | - - | - - | - - | - - |
| Recreation and community services | - - | - - | - - | - - | - - |
| Debt service: | | | | | |
| Principal retirement | - - | - - | - - | - - | - - |
| Interest and fiscal charges | - - | - - | - - | - - | - - |
| Total expenditures | 60,221 | 1,133,451 | 4,716 | 1,007,664 | - - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 605,514 | (666,402) | (4,698) | (66,607) | 687 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - - | 680,070 | - - | - - | - - |
| Transfers out | (348,506) | - - | - - | - - | - - |
| Total other financing sources (uses) | (348,506) | 680,070 | - - | - - | - - |
| Net changes in fund balances | 257,008 | 13,668 | (4,698) | (66,607) | 687 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of fiscal year | 1,527,308 | 92,144 | 4,698 | 1,725,111 | 457,271 |
| End of fiscal year | <u>\$ 1,784,316</u> | <u>\$ 105,812</u> | <u>\$ -</u> | <u>\$ 1,658,504</u> | <u>\$ 457,958</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, 2016

| | Special Revenue | | | | |
|--|--------------------------|---------------------|----------------------|-----------------|--------------------------|
| | Santa Anita | | Library | | |
| | TDA Article 3 Bikeway | Grade Separation | Homeland Security | State Grant | PEG Access Television |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 103,401 |
| Licenses and permits | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - |
| Use of money and property | - | 21,992 | - | 315 | 5,412 |
| Intergovernmental | 71,588 | 318,000 | 6,459 | - | - |
| Charges for services | - | - | - | - | - |
| Other revenues | - | - | - | - | - |
| Total revenues | 71,588 | 339,992 | 6,459 | 315 | 108,813 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| General city | - | - | - | - | 3,014 |
| Public safety: | | | | | |
| Police | - | - | - | - | - |
| Fire | - | - | 6,459 | - | - |
| Public works services | - | - | - | - | - |
| Community development | 70,364 | 883,138 | - | - | - |
| Library | - | - | - | 21,000 | - |
| Recreation and community services | - | - | - | - | - |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 70,364 | 883,138 | 6,459 | 21,000 | 3,014 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,224 | (543,146) | - | (20,685) | 105,799 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - |
| Net changes in fund balances | 1,224 | (543,146) | - | (20,685) | 105,799 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of fiscal year | (1,224) | 2,384,343 | - | 31,721 | 525,376 |
| End of fiscal year | \$ - | \$ 1,841,197 | \$ - | \$ 11,036 | \$ 631,175 |

(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, 2016

| | Special Revenue | | Debt Service | | Total Nonmajor Governmental Funds |
|--|-------------------|-----------------------|--------------------------------|--------------------|--|
| | Used Oil Grant | DOC Beverage Grant | General Obligation Bonds | | |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ 980,058 | \$ 1,986,312 | |
| Licenses and permits | - | - | - | 335,883 | |
| Fines and forfeitures | - | - | - | 228,726 | |
| Use of money and property | 99 | 435 | 5,239 | 142,578 | |
| Intergovernmental | 9,611 | 15,367 | - | 4,735,718 | |
| Charges for services | - | - | - | 131,710 | |
| Other revenues | - | - | - | 194,031 | |
| Total revenues | 9,710 | 15,802 | 985,297 | 7,754,958 | |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| General city | - | - | - | 3,014 | |
| Public safety: | | | | | |
| Police | - | - | - | 396,773 | |
| Fire | - | - | - | 6,459 | |
| Public works services | 23,713 | - | - | 2,022,399 | |
| Community development | - | - | - | 2,500,517 | |
| Library | - | - | - | 21,000 | |
| Recreation and community services | - | - | - | 84,033 | |
| Debt service: | | | | | |
| Principal retirement | - | - | 555,000 | 555,000 | |
| Interest and fiscal charges | - | - | 466,474 | 466,474 | |
| Total expenditures | 23,713 | - | 1,021,474 | 6,055,669 | |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (14,003) | 15,802 | (36,177) | 1,699,289 | |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | 680,070 | |
| Transfers out | - | - | - | (2,392,637) | |
| Total other financing sources (uses) | - | - | - | (1,712,567) | |
| Net changes in fund balances | (14,003) | 15,802 | (36,177) | (13,278) | |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of fiscal year | 30,078 | 32,837 | 889,854 | 13,626,676 | |
| End of fiscal year | \$ 16,075 | \$ 48,639 | \$ 853,677 | \$ 13,613,398 | |

(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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|--------------------|---------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 2,800 | \$ 2,800 | \$ 842 | \$ (1,958) |
| Other revenues | - | - | 76,387 | 76,387 |
| Total revenues | 2,800 | 2,800 | 77,229 | 74,429 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Police | 63,900 | 135,231 | 153,879 | (18,648) |
| Total expenditures | 63,900 | 135,231 | 153,879 | (18,648) |
| Net change in fund balance | \$ (61,100) | \$ (132,431) | (76,650) | \$ 55,781 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 605,938 | |
| End of fiscal year | | | \$ 529,288 | |

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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|--------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 1,300 | \$ 1,300 | \$ 3,371 | \$ 2,071 |
| Other revenues | 100,000 | 100,000 | 114,618 | 14,618 |
| Total revenues | 101,300 | 101,300 | 117,989 | 16,689 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Police | 136,400 | 136,400 | 129,024 | 7,376 |
| Total expenditures | 136,400 | 136,400 | 129,024 | 7,376 |
| Net change in fund balance | \$ (35,100) | \$ (35,100) | (11,035) | \$ 24,065 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 277,201 | |
| End of fiscal year | | | \$ 266,166 | |

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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Fines and forfeitures | \$ 280,000 | \$ 280,000 | \$ 228,726 | \$ (51,274) |
| Total revenues | 280,000 | 280,000 | 228,726 | (51,274) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (280,000) | (280,000) | (228,726) | 51,274 |
| Total other financing sources (uses) | (280,000) | (280,000) | (228,726) | 51,274 |
| 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
Solid Waste Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 380,200 | \$ 380,200 | \$ 437,224 | \$ 57,024 |
| Use of money and property | 5,700 | 5,700 | 14,555 | 8,855 |
| Charges for services | 111,700 | 111,700 | 108,857 | (2,843) |
| Other revenues | - | - | 3,026 | 3,026 |
| Total revenues | 497,600 | 497,600 | 563,662 | 66,062 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works services | 352,100 | 375,100 | 351,938 | 23,162 |
| Total expenditures | 352,100 | 375,100 | 351,938 | 23,162 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 145,500 | 122,500 | 211,724 | 89,224 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (111,700) | (111,700) | (108,613) | 3,087 |
| Total other financing sources (uses) | (111,700) | (111,700) | (108,613) | 3,087 |
| Net change in fund balance | \$ 33,800 | \$ 10,800 | 103,111 | \$ 92,311 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 1,218,819 | |
| End of fiscal year | | | \$ 1,321,930 | |

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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|---------------------------|----------------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 400 | \$ 400 | \$ 1,937 | \$ 1,537 |
| Intergovernmental | <u>70,000</u> | <u>70,000</u> | <u>70,394</u> | <u>394</u> |
| Total revenues | <u>70,400</u> | <u>70,400</u> | <u>72,331</u> | <u>1,931</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works services | 80,000 | 188,767 | - | 188,767 |
| Community development | <u>22,300</u> | <u>22,300</u> | <u>15,305</u> | <u>6,995</u> |
| Total expenditures | <u>102,300</u> | <u>211,067</u> | <u>15,305</u> | <u>195,762</u> |
| Net change in fund balance | <u>\$ (31,900)</u> | <u>\$ (140,667)</u> | <u>57,026</u> | <u>\$ 197,693</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | <u>149,090</u> | |
| End of fiscal year | | | <u>\$ 206,116</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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 387,600 | \$ 387,600 | \$ 265,959 | \$ (121,641) |
| Charges for services | <u>17,800</u> | <u>17,800</u> | <u>22,853</u> | <u>5,053</u> |
| Total revenues | <u>405,400</u> | <u>405,400</u> | <u>288,812</u> | <u>(116,588)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 339,200 | 339,200 | 220,979 | 118,221 |
| Recreation and community services | <u>66,200</u> | <u>66,200</u> | <u>67,833</u> | <u>(1,633)</u> |
| Total expenditures | <u>405,400</u> | <u>405,400</u> | <u>288,812</u> | <u>116,588</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | | - |
| End of fiscal year | | | <u>\$ -</u> | <u>\$ -</u> |

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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 4,000 | \$ 4,000 | \$ 12,213 | \$ 8,213 |
| Intergovernmental | <u>1,035,540</u> | <u>1,035,540</u> | <u>1,037,889</u> | <u>2,349</u> |
| Total revenues | <u>1,039,540</u> | <u>1,039,540</u> | <u>1,050,102</u> | <u>10,562</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works services | 107,700 | 107,700 | 110,024 | (2,324) |
| Community development | 303,700 | 329,705 | 156,174 | 173,531 |
| Recreation and community services | <u>16,200</u> | <u>16,200</u> | <u>16,200</u> | <u>-</u> |
| Total expenditures | <u>427,600</u> | <u>453,605</u> | <u>282,398</u> | <u>171,207</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>611,940</u> | <u>585,935</u> | <u>767,704</u> | <u>181,769</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(579,290)</u> | <u>(579,290)</u> | <u>(522,755)</u> | <u>56,535</u> |
| Total other financing sources (uses) | <u>(579,290)</u> | <u>(579,290)</u> | <u>(522,755)</u> | <u>56,535</u> |
| Net change in fund balance | <u>\$ 32,650</u> | <u>\$ 6,645</u> | <u>244,949</u> | <u>\$ 238,304</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 920,126 | |
| End of fiscal year | | | <u>\$ 1,165,075</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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|-------------------|-----------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 330,000 | \$ 330,000 | \$ 335,883 | \$ 5,883 |
| Use of money and property | 5,100 | 5,100 | 21,746 | 16,646 |
| Intergovernmental | - | - | 17,483 | 17,483 |
| Total revenues | 335,100 | 335,100 | 375,112 | 40,012 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 100,000 | 1,364,212 | 69,759 | 1,294,453 |
| Total expenditures | 100,000 | 1,364,212 | 69,759 | 1,294,453 |
| Net change in fund balance | \$ 235,100 | \$ (1,029,112) | 305,353 | \$ 1,334,465 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 1,672,534 | |
| End of fiscal year | | | \$ 1,977,887 | |

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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|--|----------------------------|----------------------------|---------------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 5,200 | \$ 5,200 | \$ 8,822 | \$ 3,622 |
| Intergovernmental | <u>1,549,000</u> | <u>1,549,000</u> | <u>1,245,781</u> | <u>(303,219)</u> |
| Total revenues | <u>1,554,200</u> | <u>1,554,200</u> | <u>1,254,603</u> | <u>(299,597)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works services | 572,000 | 970,382 | 398,557 | 571,825 |
| Community development | <u>-</u> | <u>23,069</u> | <u>16,913</u> | <u>6,156</u> |
| Total expenditures | <u>572,000</u> | <u>993,451</u> | <u>415,470</u> | <u>577,981</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>982,200</u> | <u>560,749</u> | <u>839,133</u> | <u>278,384</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(1,189,700)</u> | <u>(1,189,700)</u> | <u>(1,184,037)</u> | <u>5,663</u> |
| Total other financing sources (uses) | <u>(1,189,700)</u> | <u>(1,189,700)</u> | <u>(1,184,037)</u> | <u>5,663</u> |
| Net change in fund balance | <u>\$ (207,500)</u> | <u>\$ (628,951)</u> | <u>(344,904)</u> | <u>\$ 284,047</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 1,083,451 | |
| End of fiscal year | | | <u>\$ 738,547</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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|--|-------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 7,300 | \$ 7,300 | \$ 19,668 | \$ 12,368 |
| Intergovernmental | <u>644,223</u> | <u>644,223</u> | <u>646,067</u> | <u>1,844</u> |
| Total revenues | <u>651,523</u> | <u>651,523</u> | <u>665,735</u> | <u>14,212</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 60,000 | 60,000 | 60,221 | (221) |
| Total expenditures | <u>60,000</u> | <u>60,000</u> | <u>60,221</u> | <u>(221)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | <u>591,523</u> | <u>591,523</u> | <u>605,514</u> | <u>13,991</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (386,196) | (386,196) | (348,506) | 37,690 |
| Total other financing sources (uses) | <u>(386,196)</u> | <u>(386,196)</u> | <u>(348,506)</u> | <u>37,690</u> |
| Net change in fund balance | <u>\$ 205,327</u> | <u>\$ 205,327</u> | <u>257,008</u> | <u>\$ 51,681</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 1,527,308 | |
| End of fiscal year | | | <u>\$ 1,784,316</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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 482,100 | \$ 482,100 | \$ 465,629 | \$ (16,471) |
| Use of money and property | - | - | 1,420 | 1,420 |
| Total revenues | 482,100 | 482,100 | 467,049 | (15,051) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works services | 1,205,300 | 1,205,300 | 1,133,451 | 71,849 |
| Total expenditures | 1,205,300 | 1,205,300 | 1,133,451 | 71,849 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | (723,200) | (723,200) | (666,402) | 56,798 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 723,200 | 723,200 | 680,070 | (43,130) |
| Total other financing sources (uses) | 723,200 | 723,200 | 680,070 | (43,130) |
| Net change in fund balance | \$ - | \$ - | 13,668 | \$ 13,668 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 92,144 | |
| End of fiscal year | | | \$ 105,812 | |

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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ - | \$ - | \$ 18 | \$ 18 |
| Total revenues | - | - | 18 | 18 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works services | 4,700 | 4,700 | 4,716 | (16) |
| Total expenditures | 4,700 | 4,700 | 4,716 | (16) |
| Net change in fund balance | \$ (4,700) | \$ (4,700) | (4,698) | \$ 2 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 4,698 | |
| End of fiscal year | | \$ - | | |

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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|----------------------------|------------------------------|-------------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 2,800 | \$ 2,800 | \$ 23,807 | \$ 21,007 |
| Intergovernmental | <u>859,000</u> | <u>859,000</u> | <u>917,250</u> | <u>58,250</u> |
| Total revenues | <u>861,800</u> | <u>861,800</u> | <u>941,057</u> | <u>79,257</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | <u>1,397,900</u> | <u>2,767,983</u> | <u>1,007,664</u> | <u>1,760,319</u> |
| Total expenditures | <u>1,397,900</u> | <u>2,767,983</u> | <u>1,007,664</u> | <u>1,760,319</u> |
| Net change in fund balance | <u>\$ (536,100)</u> | <u>\$ (1,906,183)</u> | <u>(66,607)</u> | <u>\$ 1,839,576</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | <u>1,725,111</u> | |
| End of fiscal year | | | <u>\$ 1,658,504</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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|-----------------|-----------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 2,300 | \$ 2,300 | \$ 687 | \$ (1,613) |
| Total revenues | 2,300 | 2,300 | 687 | (1,613) |
| Net change in fund balance | \$ 2,300 | \$ 2,300 | 687 | \$ (1,613) |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 457,271 | |
| End of fiscal year | | | \$ 457,958 | |

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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|----------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 50,000 | \$ 50,000 | \$ 71,588 | \$ 21,588 |
| Total revenues | 50,000 | 50,000 | 71,588 | 21,588 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 50,000 | 72,036 | 70,364 | 1,672 |
| Total expenditures | 50,000 | 72,036 | 70,364 | 1,672 |
| Net change in fund balance | \$ - | \$ (22,036) | 1,224 | \$ 23,260 |
| FUND BALANCE (DEFICIT): | | | | |
| Beginning of fiscal year | | | | (1,224) |
| End of fiscal year | | | \$ - | |

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, 2016

| | Budget Amounts | | Actual | Variance with |
|--|-------------------|-----------------------|---------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 2,400 | \$ 2,400 | \$ 21,992 | \$ 19,592 |
| Intergovernmental | - | - | 318,000 | 318,000 |
| Total revenues | 2,400 | 2,400 | 339,992 | 337,592 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | - | 3,709,882 | 883,138 | 2,826,744 |
| Total expenditures | - | 3,709,882 | 883,138 | 2,826,744 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 2,400 | (3,707,482) | (543,146) | 3,164,336 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 723,400 | 723,400 | - | (723,400) |
| Total other financing sources (uses) | 723,400 | 723,400 | - | (723,400) |
| Net change in fund balance | \$ 725,800 | \$ (2,984,082) | (543,146) | \$ 2,440,936 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 2,384,343 | |
| End of fiscal year | | | \$ 1,841,197 | |

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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|----------------|---------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 10,000 | \$ 10,000 | \$ 6,459 | \$ (3,541) |
| Total revenues | 10,000 | 10,000 | 6,459 | (3,541) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Fire | 10,000 | 10,000 | 6,459 | 3,541 |
| Total expenditures | 10,000 | 10,000 | 6,459 | 3,541 |
| 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
Library State Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|--------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 200 | \$ 200 | \$ 315 | \$ 115 |
| Total revenues | <u>200</u> | <u>200</u> | <u>315</u> | <u>115</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Library | 21,000 | 21,000 | 21,000 | - |
| Total expenditures | <u>21,000</u> | <u>21,000</u> | <u>21,000</u> | <u>-</u> |
| Net change in fund balance | <u>\$ (20,800)</u> | <u>\$ (20,800)</u> | <u>(20,685)</u> | <u>\$ 115</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 31,721 | |
| End of fiscal year | | | <u>\$ 11,036</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, 2016

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 1,018,800 | \$ 1,018,800 | \$ 980,058 | \$ (38,742) |
| Use of money and property | 3,900 | 3,900 | 5,239 | 1,339 |
| Total revenues | 1,022,700 | 1,022,700 | 985,297 | (37,403) |
| EXPENDITURES: | | | | |
| Debt service: | | | | |
| Principal retirement | 555,000 | 555,000 | 555,000 | - |
| Interest and fiscal charges | 467,700 | 467,700 | 466,474 | 1,226 |
| Total expenditures | 1,022,700 | 1,022,700 | 1,021,474 | 1,226 |
| Net change in fund balance | \$ - | \$ - | (36,177) | \$ (36,177) |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 889,854 | |
| End of fiscal year | | | \$ 853,677 | |

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, 2016

| | Agency Fund | | |
|--------------------------|----------------------------|------------------------------|----------------------------|
| | Net Changes | | |
| | Balance | in Assets and Liabilities | Balance |
| | July 1, 2015 | and Liabilities | June 30, 2016 |
| ASSETS | | | |
| Cash and investments | \$ 2,308,336 | \$ 82,201 | \$ 2,390,537 |
| Accounts receivable | <u>1,590</u> | <u>4,721</u> | <u>6,311</u> |
| Total assets | <u>\$ 2,309,926</u> | <u>\$ 86,922</u> | <u>\$ 2,396,848</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 36,404 | \$ 99,160 | \$ 135,564 |
| Deposits payable | <u>2,273,522</u> | <u>(12,238)</u> | <u>2,261,284</u> |
| Total liabilities | <u>\$ 2,309,926</u> | <u>\$ 86,922</u> | <u>\$ 2,396,848</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.

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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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| 2 Changes in Net Position | 126 |
| 3 Fund Balances of Governmental Funds | 130 |
| 4 Changes in Fund Balances of Governmental Funds | 132 |
| 5 Governmental Activities Tax Revenue by Source | 134 |
| 6 General Governmental Tax Revenue by Source | 135 |
| Revenue Capacity - These schedules contain information to help the reader assess the City's property tax. | |
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| 8 Direct and Overlapping Property Tax Rates | 138 |
| 9 Principal Property Tax Owners | 140 |
| 10 Property Tax Levies and Collections | 141 |
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| 12 Major Sales Tax Producer | 143 |
| Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | |
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| Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | |
| 17 Demographic and Economic Statistics | 153 |
| 18 Principal Employers | 154 |
| 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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| 20 Operating Indicators by Function/Program | 156 |
| 21 Capital Asset Statistics by Function/Program | 157 |

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 | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Governmental Activities: | | | | | |
| Net investment in capital assets | \$ 66,072,851 | \$ 58,132,706 | \$ 52,517,506 | \$ 52,847,570 | \$ 52,132,444 |
| Restricted for: | | | | | |
| Capital Projects | 14,726,205 | 15,423,348 | 14,382,092 | 14,813,455 | 9,407,211 |
| Debt Service | 1,357,281 | 547,517 | 556,283 | 2,391,605 | 3,893,943 |
| Specific Projects and Programs | 18,024,443 | 19,062,102 | 20,567,765 | 20,692,163 | 20,596,634 |
| Community Purposes | | | | | |
| Public Safety | | | | | |
| Transportation/Streets | | | | | |
| Total Restricted | <u>34,107,929</u> | <u>35,032,967</u> | <u>35,506,140</u> | <u>37,897,223</u> | <u>33,897,788</u> |
| Unrestricted | 8,171,693 | 15,989,738 | 18,064,825 | 14,833,148 | 14,107,829 |
| Total governmental activities net position | <u>\$ 108,352,473</u> | <u>\$ 109,155,411</u> | <u>\$ 106,088,471</u> | <u>\$ 105,577,941</u> | <u>\$ 100,138,061</u> |
| Business-type Activities: | | | | | |
| Net investment in capital assets | \$ 50,387,232 | \$ 49,863,792 | \$ 55,176,999 | \$ 55,431,533 | \$ 54,707,757 |
| Restricted for: | | | | | |
| Specific Projects and Programs | 256,291 | - | - | - | - |
| Unrestricted | 31,820,816 | 34,596,415 | 38,032,983 | 38,021,028 | 37,219,013 |
| Total business-type activities net position | <u>\$ 82,464,339</u> | <u>\$ 84,460,207</u> | <u>\$ 93,209,982</u> | <u>\$ 93,452,561</u> | <u>\$ 91,926,770</u> |
| Primary Government: | | | | | |
| Net investment in capital assets | \$ 116,460,083 | \$ 107,996,498 | \$ 107,694,505 | \$ 108,279,103 | \$ 106,840,201 |
| Restricted | 34,364,220 | 35,032,967 | 35,506,140 | 37,897,223 | 33,897,788 |
| Unrestricted | 39,992,509 | 50,586,153 | 56,097,808 | 52,854,176 | 51,326,842 |
| Total Primary Government net position | <u>\$ 190,816,812</u> | <u>\$ 193,615,618</u> | <u>\$ 199,298,453</u> | <u>\$ 199,030,502</u> | <u>\$ 192,064,831</u> |

Source: City of Arcadia Financial Reports

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

| | Fiscal Year | | | | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Governmental Activities: | | | | | |
| Net investment in capital assets | \$ 58,679,540 | \$ 59,598,320 | \$ 50,203,892 | \$ 50,652,770 | \$ 51,124,268 |
| Restricted for: | | | | | |
| Capital Projects | 6,899,157 | 6,912,977 | 755,064 | - | - |
| Debt Service | 762,708 | 699,444 | 786,567 | 694,085 | 664,992 |
| Specific Projects and Programs* | 14,150,646 | 16,064,646 | 14,564,481 | - | - |
| Community Purposes | | | | 8,236,718 | 10,578,749 |
| Public Safety | | | | 1,340,410 | 1,253,412 |
| Transportation/Streets | | | | 9,312,873 | 9,165,526 |
| Total Restricted | <u>21,812,511</u> | <u>23,677,067</u> | <u>16,106,112</u> | <u>19,584,086</u> | <u>21,662,679</u> |
| Unrestricted | <u>11,083,944</u> | <u>10,527,461</u> | <u>25,857,397</u> | <u>(75,062,952)</u> | <u>(71,558,258)</u> |
| Total governmental activities net position | <u><u>\$ 91,575,995</u></u> | <u><u>\$ 93,802,848</u></u> | <u><u>\$ 92,167,401</u></u> | <u><u>\$ (4,826,096)</u></u> | <u><u>\$ 1,228,689</u></u> |
| Business-type Activities: | | | | | |
| Net investment in capital assets | \$ 53,119,660 | \$ 52,092,442 | \$ 50,835,309 | \$ 48,858,963 | \$ 46,957,250 |
| Restricted for: | | | | | |
| Specific Projects and Programs | - | - | - | - | - |
| Unrestricted | <u>36,456,910</u> | <u>36,522,942</u> | <u>35,505,795</u> | <u>23,494,250</u> | <u>22,536,965</u> |
| Total business-type activities net position | <u><u>\$ 89,576,570</u></u> | <u><u>\$ 88,615,384</u></u> | <u><u>\$ 86,341,104</u></u> | <u><u>\$ 72,353,213</u></u> | <u><u>\$ 69,494,215</u></u> |
| Primary Government: | | | | | |
| Net investment in capital assets | \$ 111,799,200 | \$ 111,690,762 | \$ 101,039,201 | \$ 99,511,733 | \$ 98,081,518 |
| Restricted | <u>21,812,511</u> | <u>23,677,067</u> | <u>16,106,112</u> | <u>19,584,086</u> | <u>21,662,679</u> |
| Unrestricted | <u>47,540,854</u> | <u>47,050,403</u> | <u>61,363,192</u> | <u>(51,568,702)</u> | <u>(49,021,293)</u> |
| Total Primary Government net position | <u><u>\$ 181,152,565</u></u> | <u><u>\$ 182,418,232</u></u> | <u><u>\$ 178,508,505</u></u> | <u><u>\$ 67,527,117</u></u> | <u><u>\$ 70,722,904</u></u> |

Source: City of Arcadia Financial Reports

* Specific Projects and Programs were divided into Community Purposes, Public Safety and Transportation/Street starting in 2015

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

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 9,107,167 | \$ 9,511,398 | \$ 8,211,121 | \$ 11,653,623 | \$ 7,932,372 |
| Public safety | 22,679,538 | 26,336,811 | 25,887,304 | 26,433,261 | 28,843,936 |
| Public works services | 7,791,736 | 9,810,398 | 6,500,404 | 6,153,531 | 8,344,308 |
| Community development | 2,657,163 | 3,934,974 | 2,848,740 | 3,702,372 | 5,763,672 |
| Library | 2,659,513 | 3,095,916 | 3,344,597 | 2,958,551 | 3,264,511 |
| Economic development* | 1,568,742 | 713,846 | 1,726,912 | 2,511,182 | 5,435,758 |
| Recreation and community services | 2,366,695 | 2,592,669 | 2,547,934 | 2,489,088 | 2,759,562 |
| Interest on long-term debt | 1,417,308 | 1,372,678 | 1,325,694 | 1,277,732 | 2,067,789 |
| Total governmental activities expenses | <u>\$ 50,247,862</u> | <u>\$ 57,368,690</u> | <u>\$ 52,392,706</u> | <u>\$ 57,179,340</u> | <u>\$ 64,411,908</u> |
| Business-type activities: | | | | | |
| Water | \$ 8,619,458 | \$ 9,020,752 | \$ 10,266,681 | \$ 10,842,417 | \$ 11,854,112 |
| Sewer ** | | | 1,039,606 | 1,184,763 | 1,106,873 |
| Transit | 1,554,102 | 1,467,553 | 1,632,156 | 1,676,496 | 1,727,366 |
| Total business-type activities expenses | <u>10,173,560</u> | <u>10,488,305</u> | <u>12,938,443</u> | <u>13,703,676</u> | <u>14,688,351</u> |
| Total primary government expenses | <u>\$ 60,421,422</u> | <u>\$ 67,856,995</u> | <u>\$ 65,331,149</u> | <u>\$ 70,883,016</u> | <u>\$ 79,100,259</u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 390,539 | \$ - | \$ 86,150 | \$ 2,973 | \$ 13,512 |
| Public safety | 2,186,438 | 2,685,688 | 2,899,528 | 3,293,237 | 3,149,498 |
| Public works services | 1,291,862 | 1,433,711 | 365,883 | 305,344 | 475,338 |
| Community development | 2,461,548 | 2,001,142 | 1,835,423 | 1,891,145 | 2,262,274 |
| Library | 98,273 | 97,245 | 95,299 | 97,842 | 86,285 |
| Recreation and community services | 721,747 | 837,233 | 1,204,767 | 1,632,634 | 1,916,601 |
| Operating Grants and Contributions | 3,118,384 | 2,446,798 | 2,613,585 | 3,085,135 | 3,607,703 |
| Capital Grants and Contributions | 1,474,253 | 3,077,164 | 2,311,305 | 2,576,985 | 2,555,769 |
| Total governmental activities program revenues | <u>11,743,044</u> | <u>12,578,981</u> | <u>11,411,940</u> | <u>12,885,295</u> | <u>14,066,980</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water | 10,584,421 | 9,849,482 | 10,087,744 | 9,611,411 | 9,190,903 |
| Sewer ** | - | - | 1,161,525 | 1,206,690 | 1,203,269 |
| Transit | 74,421 | 67,825 | 69,241 | 72,187 | 71,425 |
| Operating Grants and Contributions | 682,930 | 663,298 | 1,009,884 | 592,255 | 532,857 |
| Capital Grants and Contributions | 1,173,791 | - | - | 713,932 | 699,368 |
| Total business-type activities program revenues | <u>12,515,563</u> | <u>10,580,605</u> | <u>12,328,394</u> | <u>12,196,475</u> | <u>11,697,822</u> |
| Total primary government program revenues | <u>\$ 24,258,607</u> | <u>\$ 23,159,586</u> | <u>\$ 23,740,334</u> | <u>\$ 25,081,770</u> | <u>\$ 25,764,802</u> |

Source: City of Arcadia Financial Reports

* Due to the closing of Arcadia Redevelopment Agency, Economic Development function was combined as part of the Economic Development Department

** 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 | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 8,060,384 | \$ 8,772,439 | \$ 6,984,927 | \$ 7,458,250 | \$ 6,890,053 |
| Public safety | 29,494,115 | 30,816,795 | 31,879,134 | 32,579,734 | 34,089,922 |
| Public works services | 8,595,701 | 7,684,123 | 7,318,800 | 7,741,343 | 8,525,715 |
| Community development | 4,650,800 | 3,615,072 | 15,469,651 | 5,050,382 | 6,316,456 |
| Library | 3,269,158 | 3,371,939 | 3,381,138 | 3,640,914 | 3,858,956 |
| Economic development* | 1,091,721 | - | - | - | - |
| Recreation and community services | 2,796,582 | 3,051,783 | 3,740,097 | 3,310,420 | 3,455,024 |
| Interest on long-term debt | 969,994 | 673,196 | 455,077 | 434,682 | 417,780 |
| Total governmental activities expenses | <u>\$ 58,928,455</u> | <u>\$ 57,985,347</u> | <u>\$ 69,228,824</u> | <u>\$ 60,215,725</u> | <u>\$ 63,553,906</u> |
| Business-type activities: | | | | | |
| Water | \$ 13,195,083 | \$ 12,373,758 | \$ 13,911,484 | \$ 16,891,412 | \$ 12,563,018 |
| Sewer ** | 1,135,487 | 1,318,107 | 1,347,002 | 1,457,275 | 1,360,509 |
| Transit | 1,792,216 | 2,023,651 | 2,010,402 | 1,836,228 | 1,818,171 |
| Total business-type activities expenses | <u>16,122,786</u> | <u>15,715,516</u> | <u>17,268,888</u> | <u>20,184,915</u> | <u>15,741,698</u> |
| Total primary government expenses | <u>\$ 75,051,241</u> | <u>\$ 73,700,863</u> | <u>\$ 86,497,712</u> | <u>\$ 80,400,640</u> | <u>\$ 79,295,604</u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 1,245 | \$ 260 | \$ 1,065 | \$ - | \$ 33,223 |
| Public safety | 3,304,856 | 3,146,493 | 3,801,154 | 3,683,293 | 3,972,018 |
| Public works services | 393,639 | 325,403 | 455,285 | 312,995 | 434,681 |
| Community development | 2,698,841 | 3,175,993 | 5,951,472 | 4,497,375 | 4,577,662 |
| Library | 74,518 | 69,350 | 74,007 | 71,564 | 72,242 |
| Recreation and community services | 2,295,475 | 2,450,915 | 3,149,525 | 3,045,343 | 3,237,272 |
| Operating Grants and Contributions | 3,612,486 | 4,592,325 | 5,481,152 | 5,020,312 | 4,876,997 |
| Capital Grants and Contributions | 1,500,626 | 2,272,285 | 658,109 | 804,556 | 927,837 |
| Total governmental activities program revenues | <u>13,881,686</u> | <u>16,033,024</u> | <u>19,571,769</u> | <u>17,435,438</u> | <u>18,131,932</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water | 10,191,324 | 10,902,718 | 11,467,284 | 10,132,653 | 9,122,745 |
| Sewer ** | 1,221,817 | 1,277,868 | 1,308,313 | 1,310,499 | 1,664,249 |
| Transit | 73,846 | 86,208 | 89,710 | 76,484 | 63,520 |
| Operating Grants and Contributions | 606,878 | 616,491 | 685,118 | 786,352 | 768,229 |
| Capital Grants and Contributions | 401,697 | 648,875 | - | - | - |
| Total business-type activities program revenues | <u>12,495,562</u> | <u>13,532,160</u> | <u>13,550,425</u> | <u>12,305,988</u> | <u>11,618,743</u> |
| Total primary government program revenues | <u>\$ 26,377,248</u> | <u>\$ 29,565,184</u> | <u>\$ 33,122,194</u> | <u>\$ 29,741,426</u> | <u>\$ 29,750,675</u> |

Source: City of Arcadia Financial Reports

* Due to the closing of Arcadia Redevelopment Agency, Economic Development function was combined as part of the Economic Development Department

** 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 | | | | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (38,504,818) | \$ (44,789,709) | \$ (40,980,766) | \$ (44,294,045) | \$ (50,344,928) |
| Business-type activities | <u>2,342,003</u> | <u>92,300</u> | <u>(610,049)</u> | <u>(1,507,200)</u> | <u>(2,990,529)</u> |
| Total primary government net expense | <u><u>\$ (36,162,815)</u></u> | <u><u>\$ (44,697,409)</u></u> | <u><u>\$ (41,590,815)</u></u> | <u><u>\$ (45,801,245)</u></u> | <u><u>\$ (53,335,457)</u></u> |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 12,917,525 | \$ 13,363,736 | \$ 14,330,420 | \$ 15,400,704 | \$ 14,215,888 |
| Sales taxes | 9,415,160 | 9,582,552 | 9,024,834 | 7,940,462 | 8,613,829 |
| Franchise fees | 936,330 | 1,129,174 | 1,077,046 | 972,461 | 1,045,099 |
| Utilities user taxes | 5,243,605 | 5,189,901 | 5,128,782 | 5,258,113 | 5,172,811 |
| Transient occupancy taxes | 2,762,001 | 2,916,776 | 2,428,763 | 2,237,610 | 2,394,106 |
| Motor vehicle license taxes | 4,058,116 | 4,223,427 | 4,433,640 | 4,502,551 | 4,814,591 |
| Non-regulatory business license taxes | 894,811 | 900,129 | 938,278 | 1,020,770 | 1,068,308 |
| Other Taxes | <u>2,088,137</u> | <u>2,473,171</u> | <u>1,850,761</u> | <u>1,846,825</u> | <u>1,641,467</u> |
| Total Taxes and fees | 38,315,685 | 39,778,866 | 39,212,524 | 39,179,496 | 38,966,099 |
| Investment earnings | 3,152,654 | 3,384,271 | 2,680,217 | 1,025,361 | 2,080,612 |
| Miscellaneous | 1,885,951 | 3,054,303 | 3,535,084 | 4,491,008 | 4,579,176 |
| Gain/loss on disposal of capital assets | - | (40,128) | - | - | 256,499 |
| Transfers | (644,758) | (584,665) | (911,695) | (912,350) | (977,338) |
| Extraordinary item | - | - | - | - | - |
| Total Governmental activities | <u>42,709,532</u> | <u>45,592,647</u> | <u>44,516,130</u> | <u>43,783,515</u> | <u>44,905,048</u> |
| Business-type activities: | | | | | |
| Investment earnings | 1,505,031 | 1,879,521 | 1,845,825 | 819,078 | 472,912 |
| Miscellaneous | - | (560,618) | - | 18,351 | 14,488 |
| Transfers | <u>644,758</u> | <u>584,665</u> | <u>911,695</u> | <u>912,350</u> | <u>977,338</u> |
| Total business-type activities | <u>2,149,789</u> | <u>1,903,568</u> | <u>2,757,520</u> | <u>1,749,779</u> | <u>1,464,738</u> |
| Total primary government | <u><u>\$ 44,859,321</u></u> | <u><u>\$ 47,496,215</u></u> | <u><u>\$ 47,273,650</u></u> | <u><u>\$ 45,533,294</u></u> | <u><u>\$ 46,369,786</u></u> |
| Change in Net Position | | | | | |
| Governmental activities | \$ 4,204,714 | \$ 802,938 | \$ 3,535,364 | \$ (510,530) | \$ (5,439,880) |
| Business-type activities | <u>4,491,792</u> | <u>1,995,868</u> | <u>2,147,471</u> | <u>242,579</u> | <u>(1,525,791)</u> |
| Total primary government | <u><u>\$ 8,696,506</u></u> | <u><u>\$ 2,798,806</u></u> | <u><u>\$ 5,682,835</u></u> | <u><u>\$ (267,951)</u></u> | <u><u>\$ (6,965,671)</u></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 | | | | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (45,046,769) | \$ (41,952,323) | \$ (41,952,323) | \$ (49,657,055) | \$ (45,421,974) |
| Business-type activities | <u>(3,627,224)</u> | <u>(2,183,356)</u> | <u>(2,183,356)</u> | <u>(3,718,463)</u> | <u>(4,122,955)</u> |
| Total primary government net expense | <u><u>\$ (48,673,993)</u></u> | <u><u>\$ (44,135,679)</u></u> | <u><u>\$ (44,135,679)</u></u> | <u><u>\$ (53,375,518)</u></u> | <u><u>\$ (49,544,929)</u></u> |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 11,416,754 | \$ 13,644,310 | \$ 13,892,020 | \$ 13,865,978 | \$ 15,149,171 |
| Sales taxes | 8,962,391 | 9,646,630 | 10,082,196 | 10,427,065 | 11,441,622 |
| Franchise fees | 1,061,719 | 1,091,812 | 1,070,809 | 1,192,519 | 1,100,952 |
| Utilities user taxes | 5,046,439 | 5,118,597 | 6,545,713 | 7,142,118 | 6,816,464 |
| Transient occupancy taxes | 2,560,371 | 2,823,399 | 3,215,261 | 3,365,408 | 3,531,944 |
| Motor vehicle license taxes | 4,653,845 | 4,900,991 | 5,213,847 | 5,641,681 | 6,136,906 |
| Non-regulatory business license taxes | 1,108,428 | 1,186,704 | 1,249,583 | 1,202,350 | 1,293,357 |
| Other Taxes | <u>1,581,577</u> | <u>1,541,319</u> | <u>1,683,520</u> | <u>1,662,956</u> | <u>1,538,467</u> |
| Total Taxes and fees | <u>36,391,524</u> | <u>39,953,762</u> | <u>42,952,949</u> | <u>44,500,075</u> | <u>47,008,883</u> |
| Investment earnings | 1,689,361 | 1,035,634 | 1,598,314 | 1,632,484 | 1,856,318 |
| Miscellaneous | <u>4,153,019</u> | <u>3,374,585</u> | <u>4,724,159</u> | <u>4,421,469</u> | <u>3,482,819</u> |
| Gain/loss on disposal of capital assets | 35,714 | 935,125 | 64,696 | 28,323 | - |
| Transfers | <u>(976,894)</u> | <u>(1,119,930)</u> | <u>(1,031,360)</u> | <u>(817,751)</u> | <u>(871,261)</u> |
| Extraordinary item | <u>(4,808,021)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Governmental activities | <u><u>36,484,703</u></u> | <u><u>44,179,176</u></u> | <u><u>48,308,758</u></u> | <u><u>49,764,600</u></u> | <u><u>51,476,759</u></u> |
| Business-type activities: | | | | | |
| Investment earnings | 280,621 | 85,231 | 396,892 | 332,719 | 380,861 |
| Miscellaneous | 19,509 | 17,009 | 15,931 | 18,300 | 11,835 |
| Transfers | <u>976,894</u> | <u>1,119,930</u> | <u>1,031,360</u> | <u>817,751</u> | <u>871,261</u> |
| Total business-type activities | <u><u>1,277,024</u></u> | <u><u>1,222,170</u></u> | <u><u>1,444,183</u></u> | <u><u>1,168,770</u></u> | <u><u>1,263,957</u></u> |
| Total primary government | <u><u>\$ 37,761,727</u></u> | <u><u>\$ 45,401,346</u></u> | <u><u>\$ 49,752,941</u></u> | <u><u>\$ 50,933,370</u></u> | <u><u>\$ 52,740,716</u></u> |
| Change in Net Position | | | | | |
| Governmental activities | \$ (8,562,066) | \$ 2,226,853 | \$ 6,356,435 | \$ 107,545 | \$ 6,054,785 |
| Business-type activities | <u>(2,350,200)</u> | <u>(961,186)</u> | <u>(739,173)</u> | <u>(2,549,693)</u> | <u>(2,858,998)</u> |
| Total primary government | <u><u>\$ (10,912,266)</u></u> | <u><u>\$ 1,265,667</u></u> | <u><u>\$ 5,617,262</u></u> | <u><u>\$ (2,442,148)</u></u> | <u><u>\$ 3,195,787</u></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 | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| General Fund | | | | | |
| Reserved | \$ 1,165,608 | \$ 2,129,731 | \$ 2,078,013 | \$ 1,337,938 | \$ - |
| Unreserved | 22,505,659 | 22,235,755 | 24,508,667 | 23,860,788 | - |
| Nonspendable | - | - | - | - | 741,827 |
| Assigned | - | - | - | - | 17,280,504 |
| Unassigned | - | - | - | - | 8,711,216 |
| Total General Fund | \$ 23,671,267 | \$ 24,365,486 | \$ 26,586,680 | \$ 25,198,726 | \$ 26,733,547 |
| All Other Governmental Funds | | | | | |
| Reserved | \$ 12,640,850 | \$ 8,493,954 | \$ 14,650,692 | \$ 19,244,377 | \$ - |
| Unreserved, reported in: | | | | | |
| Special Revenue Funds | 13,676,531 | 14,559,787 | 14,082,897 | 15,901,092 | - |
| Debt Service Funds | (1,106,930) | 39,618 | - | - | - |
| Capital projects funds | 16,799,330 | 19,160,955 | 14,218,072 | 8,068,757 | - |
| Nonspendable | - | - | - | - | 16,124,172 |
| Restricted | - | - | - | - | 32,629,493 |
| Assigned | - | - | - | - | 10,425,600 |
| Total all other Governmental Funds | \$ 42,009,781 | \$ 42,254,314 | \$ 42,951,661 | \$ 43,214,226 | \$ 59,179,265 |
| Total Governmental Funds | \$ 65,681,048 | \$ 66,619,800 | \$ 69,538,341 | \$ 68,412,952 | \$ 85,912,812 |

Source: City of Arcadia Financial Reports

* Fund balance categories 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 | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| General Fund | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - | - |
| Nonspendable | 727,715 | 698,729 | 708,053 | 768,417 | 797,305 |
| Assigned | 15,325,993 | 13,815,582 | 22,223,334 | 23,710,862 | 24,756,336 |
| Unassigned | 9,745,454 | 12,701,494 | 8,180,075 | 12,357,558 | 6,399,003 |
| Total General Fund | <u>\$ 25,799,162</u> | <u>\$ 27,215,805</u> | <u>\$ 31,111,462</u> | <u>\$ 36,836,837</u> | <u>\$ 31,952,644</u> |
| All Other Governmental Funds | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | |
| Special Revenue Funds | - | - | - | - | - |
| Debt Service Funds | - | - | - | - | - |
| Capital projects funds | - | - | - | - | - |
| Nonspendable | 23,251 | 305 | 384 | - | - |
| Restricted | 21,812,511 | 23,677,067 | 16,106,112 | 19,779,855 | 21,851,364 |
| Assigned | 4,337,923 | 3,735,533 | 6,207,820 | 4,894,097 | 11,203,221 |
| Total all other Governmental Funds | <u>\$ 26,173,685</u> | <u>\$ 27,412,905</u> | <u>\$ 22,314,316</u> | <u>\$ 24,673,952</u> | <u>\$ 33,054,585</u> |
| Total Governmental Funds | <u>\$ 51,972,847</u> | <u>\$ 54,628,710</u> | <u>\$ 53,425,778</u> | <u>\$ 61,510,789</u> | <u>\$ 65,007,229</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 | | | | |
|--|--------------------|--------------------|---------------------|-----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| REVENUES: | | | | | |
| Taxes | \$ 33,362,760 | \$ 34,105,057 | \$ 33,840,607 | \$ 32,337,065 | \$ 34,244,462 |
| Licenses, fees and permits | 4,177,234 | 4,014,778 | 3,802,420 | 3,487,187 | 3,972,881 |
| Fines and Penalties | 406,758 | 827,448 | 830,395 | 942,337 | 960,496 |
| Use of money of property | 3,418,245 | 3,768,802 | 3,510,957 | 2,123,272 | 2,080,611 |
| Intergovernmental Revenues | 8,059,923 | 9,713,585 | 9,269,355 | 10,380,618 | 11,248,656 |
| Charges for services | 3,724,519 | 4,117,379 | 3,529,270 | 4,420,625 | 4,711,152 |
| Other Revenues | 7,600,223 | 6,625,660 | 8,846,293 | 6,804,945 | 3,973,389 |
| Total revenues | 60,749,662 | 63,172,709 | 63,629,297 | 60,496,049 | 61,191,647 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 9,894,659 | 9,773,261 | 10,241,549 | 10,664,354 | 8,375,592 |
| Public safety | 30,135,748 | 29,537,687 | 27,595,515 | 28,239,920 | 27,451,509 |
| Public works services | 6,725,692 | 8,480,731 | 6,350,512 | 5,910,512 | 6,588,499 |
| Community development | 3,697,379 | 5,092,902 | 3,359,686 | 5,371,217 | 5,756,910 |
| Library | 2,672,995 | 3,064,959 | 3,374,589 | 2,987,701 | 3,058,338 |
| Economic development | 1,852,716 | 957,789 | 1,726,912 | 2,975,135 | 5,452,493 |
| Recreation and community services | 2,357,786 | 2,533,477 | 2,470,190 | 2,357,463 | 3,746,142 |
| Debt service: | | | | | |
| Interest | 780,000 | 825,000 | 870,000 | 915,000 | 1,736,317 |
| Principal | 1,427,473 | 1,383,486 | 1,337,036 | 1,287,786 | 690,000 |
| Cost of issuance | - | - | - | - | 395,037 |
| Total expenditures | 59,544,448 | 61,649,292 | 57,325,989 | 60,709,088 | 63,250,837 |
| Less: acquisition of capital assets | (7,008,476) | (5,051,343) | (1,815,013) | (3,807,691) | (2,562,811) |
| Total expenditures excluding capital assets | 52,535,972 | 56,597,949 | 55,510,976 | 56,901,397 | 60,688,026 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 1,205,214 | 1,523,417 | 6,303,308 | (213,039) | (2,059,190) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 1,331,729 | 4,898,172 | 3,236,418 | 3,660,845 | 8,387,511 |
| Transfers out | (1,976,487) | (5,482,837) | (4,148,113) | (4,573,195) | (9,364,849) |
| Proceeds from sale of assets | - | - | - | - | - |
| Proceeds of bond issuance | - | - | - | - | 27,830,000 |
| Bond discount | - | - | - | - | (424,696) |
| Bond Premium | - | - | - | - | 451,084 |
| Payment on refunded bonds | - | - | - | - | (7,320,000) |
| Loss on dissolution of Arcadia Redevelopment Agency | - | - | - | - | - |
| Total other financing sources (uses) | (644,758) | (584,665) | (911,695) | (912,350) | 19,559,050 |
| Net change in fund balances | \$ 560,456 | \$ 938,752 | \$ 5,391,613 | \$ (1,125,389) | \$ 17,499,860 |
| Debt service as a percentage of non-capital expenditures | 4.20% | 3.90% | 3.98% | 3.87% | 4.00% |

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 | | | | |
|--|------------------------|---------------------|-----------------------|---------------------|---------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| REVENUES: | | | | | |
| Taxes | \$ 30,629,251 | \$ 33,866,067 | \$ 36,489,519 | \$ 37,911,174 | \$ 39,504,488 |
| Licenses, fees and permits | 4,542,324 | 5,008,304 | 8,031,036 | 6,512,028 | 6,723,286 |
| Fines and Penalties | 918,949 | 839,477 | 913,156 | 935,629 | 801,161 |
| Use of money of property | 1,833,161 | 1,035,634 | 1,598,310 | 1,632,483 | 1,856,318 |
| Intergovernmental Revenues | 9,776,817 | 11,437,572 | 10,881,323 | 11,508,381 | 11,653,593 |
| Charges for services | 5,041,963 | 5,095,987 | 6,356,736 | 6,086,755 | 6,777,300 |
| Other Revenues | 3,410,965 | 4,049,089 | 4,093,208 | 4,390,220 | 3,419,455 |
| Total revenues | 56,153,430 | 61,332,130 | 68,363,288 | 68,976,670 | 70,735,601 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 8,923,780 | 7,484,871 | 7,051,033 | 6,730,305 | 8,920,807 |
| Public safety | 28,402,141 | 29,905,370 | 30,842,988 | 31,748,649 | 33,772,958 |
| Public works services | 6,897,481 | 5,940,589 | 5,805,936 | 6,372,293 | 7,827,183 |
| Community development | 5,380,890 | 6,885,395 | 17,046,641 | 8,168,873 | 8,003,227 |
| Library | 3,050,203 | 3,179,305 | 3,165,746 | 3,433,071 | 3,612,759 |
| Economic development | 1,091,721 | - | - | - | - |
| Recreation and community services | 2,571,010 | 3,014,469 | 3,729,337 | 3,099,283 | 3,209,492 |
| Debt service: | | | | | |
| Interest | 900,000 | 756,210 | 502,875 | 525,000 | 555,000 |
| Principal | 1,282,872 | 215,000 | 465,000 | 484,854 | 466,474 |
| Cost of issuance | - | 132,228 | - | - | - |
| Total expenditures | 58,500,098 | 57,513,437 | 68,609,556 | 60,562,328 | 66,367,900 |
| Less: acquisition of capital assets | (2,931,313) | (4,349,512) | (2,559,961) | (3,756,352) | (4,180,176) |
| Total expenditures excluding capital assets | 55,568,785 | 53,163,925 | 66,049,595 | 56,805,976 | 62,187,724 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (2,346,668) | 3,818,693 | (246,268) | 8,414,342 | 4,367,701 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 8,760,016 | 2,455,802 | 4,623,066 | 3,874,984 | 10,330,462 |
| Transfers out | (9,736,910) | (3,575,732) | (5,654,426) | (4,692,735) | (11,201,723) |
| Proceeds from sale of assets | - | - | 74,696 | - | - |
| Proceeds of bond issuance | - | 6,135,000 | - | - | - |
| Bond discount | - | - | - | - | - |
| Bond Premium | - | 362,100 | - | - | - |
| Payment on refunded bonds | - | (6,540,000) | - | - | - |
| Loss on dissolution of Arcadia Redevelopment Agency | (30,616,403) | - | - | - | - |
| Total other financing sources (uses) | (31,593,297) | (1,162,830) | (956,664) | (817,751) | (871,261) |
| Net change in fund balances | \$ (33,939,965) | \$ 2,655,863 | \$ (1,202,932) | \$ 7,596,591 | \$ 3,496,440 |
| Debt service as a percentage of non-capital expenditures | 3.93% | 1.83% | 1.47% | 1.78% | 1.64% |

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 |
|----------------------------|---------------|--------------|---------------|--------------------|-------------------------|---------------------------|----------------------|--------------|----------------------|
| 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 |
| 2016 | 15,149,171 | 11,441,622 | 1,100,952 | 6,816,464 | 3,531,944 | 6,136,906 | 1,293,357 | 1,538,467 | 47,008,883 |

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 |
|----------------------------|---------------|--------------|---------------|--------------------|-------------------------|--------------|---------------|
| 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 |
| 2016 | 15,149,171 | 11,264,090 | 1,100,952 | 6,816,464 | 3,531,944 | 1,641,867 | 39,504,488 |

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 |
|-------------------------------|----------------------|---------------------|-----------------------|---------------------|---------------|----------------|------------------------------|------------------|-------------------|
| 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% |
| 2016 | 11,422,747,681 | 1,398,109,370 | 308,101,469 | 203,248,894 | 629,644,044 | (23,259,190) | 13,938,592,268 | 8.8% | 0.10110% |

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

| Year | City's Share of 1% Levy Per Prop 13 | Redevelopment Rate | Total Direct Rate * |
|------|--|--------------------|---------------------|
| 2007 | 0.09602 | 1.03033 | 0.13605 |
| 2008 | 0.09602 | 1.03030 | 0.13651 |
| 2009 | 0.09602 | 1.03296 | 0.13861 |
| 2010 | 0.09602 | 1.04707 | 0.13933 |
| 2011 | 0.09602 | 1.00370 | 0.13798 |
| 2012 | 0.09602 | 1.00370 | 0.13688 |
| 2013 | 0.09602 | N/A | 0.13360 |
| 2014 | 0.09602 | N/A | 0.10249 |
| 2015 | 0.09602 | N/A | 0.10249 |
| 2016 | 0.09602 | N/A | 0.10110 |

Source: HDL Coren & Cone and Los Angeles County Assessor

* Total Direct Rate is the weighted average of all individual direct rates applied to the City, and excludes revenue derived from aircraft.

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 % |
| 2007 | 1.0000 | 0.005270 | 0.02491 | 0.00071 | 0.38302 | 0.03905 | 0.02470 | 1.47766 |
| 2008 | 1.0000 | 0.005110 | 0.02580 | 0.00000 | 0.35205 | 0.04952 | 0.02450 | 1.45697 |
| 2009 | 1.0000 | 0.005490 | 0.02866 | 0.00000 | 0.38165 | 0.06503 | 0.02230 | 1.50311 |
| 2010 | 1.0000 | 0.005300 | 0.04277 | 0.00000 | 0.51389 | 0.07411 | 0.02230 | 1.65838 |
| 2011 | 1.0000 | 0.005000 | 0.00000 | 0.00000 | 0.50697 | 0.07941 | 0.02170 | 1.61308 |
| 2012 | 1.0000 | 0.004990 | 0.00000 | 0.00000 | 0.54958 | 0.07821 | 0.02170 | 1.65448 |
| 2013 | 1.0000 | 0.009590 | 0.00000 | 0.00000 | 0.55242 | 0.07457 | 0.02150 | 1.65808 |
| 2014 | 1.0000 | 0.008380 | 0.00000 | 0.00000 | 0.60099 | 0.07017 | 0.02150 | 1.70104 |
| 2015 | 1.0000 | 0.008221 | 0.00000 | 0.00000 | 0.57233 | 0.06180 | 0.02150 | 1.66385 |
| 2016 | 1.0000 | 0.006681 | 0.00000 | 0.00000 | 0.60790 | 0.05225 | 0.01800 | 1.68483 |

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

2015/16

| <u>Taxpayer</u> | <u>Assessed</u> | <u>Est. Total *</u> | <u>Rank</u> | <u>Percentage of Total City Property</u> |
|---|-------------------------|---------------------|-------------|--|
| | <u>Value</u> | <u>Tax Revenue</u> | | |
| Santa Anita Borrower LLC | \$ 374,899,867 | \$ 379,024 | 1 | 2.69% |
| Santa Anita Land Holdings LLC | 291,923,819 | 295,135 | 2 | 2.09% |
| Methodist Hospital of Southern California | 109,340,267 | 110,543 | 3 | 0.78% |
| Baldwin Arcadia Center LP | 78,138,114 | 78,998 | 4 | 0.56% |
| BRE Select Hotels Properties LLC | 36,506,871 | 36,908 | 5 | 0.26% |
| La Turf Club Inc. | 34,808,961 | 35,192 | 6 | 0.25% |
| BRE Newton Hotels Property Owner | 33,303,100 | 33,669 | 7 | 0.24% |
| Vons Companies INC | 32,424,196 | 32,781 | 8 | 0.23% |
| Arcadia Hotel Venture LP | 24,882,310 | 25,156 | 9 | 0.18% |
| Huntington Landmark LLC | <u>24,484,520</u> | <u>24,754</u> | 10 | <u>0.18%</u> |
| Total | <u>\$ 1,040,712,025</u> | <u>\$ 1,052,160</u> | | <u>7.46%</u> |

2006/07

| <u>Taxpayer</u> | <u>Assessed</u> | <u>Est. Total *</u> | <u>Rank</u> | <u>Percentage of Total City Property</u> |
|---|-----------------------|---------------------|-------------|--|
| | <u>Value</u> | <u>Tax Revenue</u> | | |
| Santa Anita Fashion Park LLC | \$ 286,623,323 | 389,951 | 1 | 3.35% |
| 234567 Developments Inc. | 161,538,732 | 219,773 | 2 | 1.89% |
| Methodist Hospital Of Southern California | 54,749,636 | 74,487 | 3 | 0.64% |
| Safeway Inc. | 33,043,340 | 44,955 | 4 | 0.39% |
| LA Fitness International LLC | 26,627,914 | 36,227 | 5 | 0.31% |
| Arcadia Hotel Venture LP | 24,994,178 | 34,005 | 6 | 0.29% |
| Apple Six Hospitality Inc. | 20,870,439 | 28,394 | 7 | 0.24% |
| Windrose Santa Anita Properties LLC | 20,400,000 | 27,754 | 8 | 0.24% |
| LA Turf Club Inc. | 18,958,971 | 25,794 | 9 | 0.22% |
| Arcadia Gateway Centre Assoc. LTD | <u>17,687,633</u> | <u>24,064</u> | 10 | <u>0.21%</u> |
| Total | <u>\$ 665,494,166</u> | <u>\$ 905,405</u> | | <u>7.78%</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 | | Amount | Percentage of Levy * | |
| 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% | |
| 2016 | 916,767 | 957,245 | 104.42% | 22,813 | 980,058 | | 102.38% | |

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 | | | | | | | | | |
|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------|----------------------------|----------------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Apparel Stores | \$ 124,934 | \$ 133,642 | \$ 115,837 | \$ 111,744 | \$ 116,092 | \$ 121,244 | \$ 132,473 | \$ 142,471 | \$ 143,929 | \$ 140,725 |
| General Merchandise | 170,958 | 167,768 | 154,832 | 149,185 | 148,459 | 154,061 | 152,871 | 154,136 | 152,855 | 157,238 |
| Food Stores | 36,507 | 37,570 | 38,455 | 36,409 | 36,204 | 36,288 | 38,887 | 39,381 | 40,128 | 35,602 |
| Eating and Drinking Places | 121,797 | 133,946 | 133,720 | 126,235 | 127,863 | 134,614 | 142,030 | 153,376 | 168,939 | 176,725 |
| Building Materials | 8,504 | 7,426 | 7,988 | 6,830 | 5,606 | 6,927 | 6,553 | 7,111 | 9,173 | 8,102 |
| Auto Dealers and Supplies | 101,076 | 83,025 | 84,813 | 79,061 | 78,940 | 78,632 | 78,791 | 90,821 | 104,068 | 97,709 |
| Service Stations | 60,429 | 60,697 | 79,034 | 60,684 | 67,103 | 85,573 | 92,244 | 91,262 | 89,811 | 76,867 |
| Other Retail Stores | 139,689 | 130,777 | 18,133 | 106,283 | 108,730 | 116,203 | 116,512 | 123,321 | 135,165 | 138,340 |
| All Other Outlets | <u>204,311</u> | <u>203,726</u> | <u>192,736</u> | <u>162,590</u> | <u>157,493</u> | <u>171,665</u> | <u>180,248</u> | <u>200,402</u> | <u>217,788</u> | <u>223,146</u> |
| Total | <u><u>\$ 968,205</u></u> | <u><u>\$ 958,577</u></u> | <u><u>\$ 825,548</u></u> | <u><u>\$ 839,021</u></u> | <u><u>\$ 846,490</u></u> | <u><u>\$ 905,207</u></u> | <u><u>\$ 940,609</u></u> | <u><u>\$ 1,002,281</u></u> | <u><u>\$ 1,061,856</u></u> | <u><u>\$ 1,054,454</u></u> |

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

2015/16

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

Percent of Fiscal Year Total Paid By Top 25 Accounts 49.7%

Period: April 2015 Thru March 2016

Source: 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 |
| Arco | Contractors |
| Arco AM PM | Service Stations |
| Borders Books & Music | Stationery/Book Stores |
| Burlington Coat Factory | Family Apparel |
| CVS Pharmacy | Drug Stores |
| Daimler Chrysler Finance | Auto Lease |
| Dave & Busters | Casual Dining |
| Gap | Family Apparel |
| Hollister | Family Apparel |
| JC Penney | Department Stores |
| Los Angeles Turf Club | Leisure/Entertainment |
| Macy's | Department Stores |
| Mobil | Service Stations |
| Nordstrom | Department Stores |
| Old Navy | Family Apparel |
| Olive Garden | Casual Dining |
| Pavilions | Grocery Stores Liquor |
| Ralphs | Grocery Stores Liquor |
| REI | Sporting Goods/Bike Stores |
| Ross | Family Apparel |
| Rusnak Arcadia | New Motor Vehicle Dealers |
| 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 Accounts 49.3%

Period: April 2006 Thru March 2007

Source: State Board Equalization

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

| Year | Governmental Activities | | | | | | | | |
|------|--------------------------|-----------|-----------|---------------------------|---------------------------|--------------------------|--------------------------|-------------------------------|------------|
| | General Obligation Bonds | | | Redevelopment Bonds * | | | Total Primary Government | Percentage of Personal Income | Per Capita |
| | 2001 | 2011 | 2012 | Tax Allocation Bond 2001A | Tax Allocation Bond 2001B | Tax Allocation Bond 2010 | | | |
| 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 |
| 2016 | - | 7,262,502 | 5,743,147 | - | - | - | 13,005,649 | 0.589% | 228 |

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 |
| 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 |
| 2016 | 13,005,649 | 0.589% | 228 |

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 2016

| | |
|------------------------------------|--------------------------|
| Assessed Taxable Value | <u>\$ 13,938,592,268</u> |
| Debt Limit (15% of assessed value) | 2,090,788,840 |
| Debt Applicable to limit: | |
| Total Bonds Payable | <u>13,005,649</u> |
| Legal Debt Margin | \$ 2,077,783,191 |

Percent of Charter Debt Limit 0.62%

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Debt Limit | \$ 1,283,316,169 | \$ 1,365,739,062 | \$ 1,450,534,184 | \$ 1,461,040,845 | \$ 1,548,231,832 |
| Total net debt applicable to limit | <u>24,625,000</u> | <u>23,800,000</u> | <u>22,930,000</u> | <u>22,015,000</u> | <u>41,880,666</u> |
| Legal debt margin | 1,258,691,169 | 1,341,939,062 | 1,427,604,184 | 1,439,025,845 | 1,506,351,166 |
| Total debt applicable to the limit | 1.92% | 1.74% | 1.58% | 1.51% | 2.71% |

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

| | 2012 | 2013 | 2014 | 2015 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Debt Limit | \$ 1,591,549,743 | \$ 1,666,145,249 | \$ 1,774,831,776 | \$ 1,921,301,692 |
| Total net debt applicable to limit | <u>14,966,562</u> | <u>14,675,479</u> | <u>14,168,869</u> | <u>13,602,259</u> |
| Legal debt margin | 1,576,583,181 | 1,651,469,770 | 1,760,662,907 | 1,907,699,433 |
| Total debt applicable to the limit | 0.94% | 0.88% | 0.80% | 0.71% |

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

2015/16

| | Gross Bonded Debt Balance | % Applicable | Net Bonded Debt |
|--|------------------------------|--------------|-----------------------|
| Direct Debt | | | |
| Arcadia General Obligation Bond 2011 | \$ 7,262,502 | 100.000% | \$ 7,262,502 |
| Arcadia General Obligation Bond 2012 | 5,743,147 | 100.000% | \$ 5,743,147 |
| Total Direct Debit | 13,005,649 | | \$ 13,005,649 |
| Overlapping Debt | | | |
| Metropolitan Water District Area Upper San Gabriel Valley Area * | 44,916,916 | 1.300% | \$ 583,814 |
| El Monte City School District 2004 Series B | 1,835,991 | 3.777% | \$ 69,348 |
| El Monte City School District 2004 Series D | 7,620,000 | 3.777% | \$ 287,817 |
| El Monte City School District 2008 Series A | 5,998,159 | 3.777% | \$ 226,558 |
| El Monte City School District 2008 Series A-1 | 18,540,000 | 3.777% | \$ 700,279 |
| El Monte City School District 2015 | 45,590,000 | 3.777% | \$ 1,721,990 |
| El Monte City School District 2012 Refunding | 9,068,273 | 3.777% | \$ 342,520 |
| El Monte City School District 2014 Series A | 29,360,000 | 3.777% | \$ 1,108,963 |
| El Monte Union High School District 2002 Series A | 1,772,970 | 1.970% | \$ 34,920 |
| El Monte Union High School District 2006 Refunding | 30,241,492 | 1.970% | \$ 595,636 |
| El Monte Union High School District 2002 Series C | 26,525,000 | 1.970% | \$ 522,436 |
| El Monte Union High School District 2008 Series A | 28,315,000 | 1.970% | \$ 557,692 |
| El Monte Union High School District 2008 Series B | 53,785,000 | 1.970% | \$ 1,059,348 |
| Citrus CCD 2004 Series 2007B | 7,815,302 | 0.190% | \$ 14,568 |
| Citrus CCD Refunding Bond Series 2013 | 11,965,000 | 0.186% | \$ 22,303 |
| Citrus CCD Series 2004 2014D | 18,937,251 | 0.186% | \$ 35,300 |
| Citrus CCD Refunding Bonds 2015 Series A | 58,190,000 | 0.186% | \$ 108,470 |
| Pasadena Community College 2006 Series B | 1,740,000 | 18.308% | \$ 318,566 |
| Pasadena Community College 2002, 2006 Series D | 6,870,000 | 18.308% | \$ 1,257,788 |
| Pasadena Community College 2002, 2009 Series E (BABS) | 25,295,000 | 18.308% | \$ 4,631,112 |
| Pasadena Community College 2014 Refunding Series A | 50,725,000 | 18.308% | \$ 9,286,939 |
| Rio Hondo Community College District Refunding 2005 | 38,880,000 | 0.501% | \$ 194,654 |
| Rio Hondo Community College District 2004 Series 2008 | 120,082,824 | 0.501% | \$ 601,198 |
| Arcadia Unified School District 1993 Series A | 2,338,594 | 96.554% | \$ 2,257,998 |
| Arcadia Unified School District 1993 Series C | 704,291 | 96.554% | \$ 680,019 |
| Arcadia Unified School District Series 2005A Refunding Bonds | 2,050,000 | 96.554% | \$ 1,979,350 |
| Arcadia Unified School District 2006 Series A | 155,630,423 | 96.554% | \$ 150,266,891 |
| Arcadia Unified School District 2006 Series B | 27,000,000 | 96.554% | \$ 26,069,492 |
| Monrovia Unified School District 1997 Series A | 11,471,914 | 0.839% | \$ 96,218 |
| Monrovia Unified School District 2005 Refunding Bonds | 12,920,000 | 0.839% | \$ 108,364 |
| Monrovia Unified School District 2006 Series A | 250,000 | 0.839% | \$ 2,097 |
| Monrovia Unified School District 2006 Series B | 5,391,665 | 0.839% | \$ 45,221 |
| Monrovia Unified School District 2006 Series C-1 BABS | 11,166,250 | 0.839% | \$ 93,655 |
| Pasadena Unified School District 2015 Refunding Bonds | 24,060,000 | 0.839% | \$ 201,798 |
| Pasadena Unified School District 2008 Series 2009 | 9,565,000 | 0.015% | \$ 1,463 |
| Pasadena Unified School District 2016 Series | 189,495,000 | 0.015% | \$ 28,976 |
| Pasadena Unified School District 2008 Series 2012 | 110,205,000 | 0.015% | \$ 16,851 |
| Pasadena Unified School District 2014 Refunding Bonds Series A | 5,875,000 | 0.015% | \$ 898 |
| Pasadena Unified School District 2014 Refunding Bonds Series B | 90,025,000 | 0.015% | \$ 13,766 |
| Temple City Unified School District 1998 Series A | 1,610,313 | 8.373% | \$ 134,824 |
| Temple City Unified School District 1998 Series B | 4,551,501 | 8.373% | \$ 381,075 |
| Temple City Unified School District 2005 Refunding Bonds | 9,040,000 | 8.373% | \$ 756,876 |
| Temple City Unified School District 2012 Series A | 36,978,164 | 8.373% | \$ 3,263,454 |
| Total Overlapping Debt | | | \$ 210,681,505 |
| TOTAL Direct and Overlapping Debt | | | \$ 223,687,154 |

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

2015/16

2015/16 Assessed Valuation : \$13,369,277,119 after deducting \$569,315,149 of Increment Value.

Debt to Assessed Valuation Ratios:

| | |
|------------------|--------|
| Direct Debt | 0.090% |
| Overlapping Debt | 1.580% |
| Total Debt | 1.670% |

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 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

2006/07

| <u>Direct Debt</u> | <u>Gross Bonded Debt Balance</u> | <u>% Applicable</u> | <u>Net Bonded Debt</u> |
|--|--------------------------------------|---------------------|----------------------------|
| Arcadia GO Bond Police Facility Debt Service | \$ 7,385,000 | 100.000% | \$ 7,385,000 |
| Total Direct Debit | <u>7,385,000</u> | | <u>7,385,000</u> |
| <u>Overlapping Debt</u> | | | |
| LA County Detention Facilities 1987 | 8,395,000 | 1.012% | 84,917 |
| LA County Flood Control Debt | 370,000 | 1.052% | 3,892 |
| Metropolitan Water District | 165,681,509 | 1.118% | 1,852,547 |
| El Monte City School District 1999 Series A | 3,050,000 | 3.344% | 101,978 |
| El Monte City School District 1999 Series B | 1,910,000 | 3.344% | 63,862 |
| El Monte City School District 1999 Series C | 2,760,000 | 3.344% | 92,282 |
| El Monte City School District 2004 Refunding Bonds | 6,020,000 | 3.344% | 201,282 |
| El Monte Union School District 1999 Series D | 16,885,000 | 3.344% | 564,559 |
| El Monte City School District 2005 Refunding Bonds | 21,905,282 | 3.344% | 732,415 |
| El Monte Union High School District 2002 Series A | 6,095,000 | 1.763% | 107,444 |
| El Monte Union High School District 2002 Series B | 8,470,000 | 1.763% | 149,311 |
| El Monte Union HSD DS 2006 Refunding Bonds | 38,929,927 | 1.763% | 686,264 |
| Citrus CCD 2004 Series 2004A&B | 57,100,000 | 0.152% | 87,077 |
| Pasadena Area Community College District 2002 Series A | 5,405,000 | 16.871% | 911,870 |
| Pasadena Area Community College District 2006 Series B | 87,657,774 | 16.871% | 14,788,618 |
| Rio Hondo CCD Ser A 2004 | 12,675,000 | 0.449% | 56,934 |
| Rio Hondo CCD Refunding Bonds | 46,482,244 | 0.449% | 208,790 |
| Arcadia Unified School District 1993 Series A | 8,828,368 | 96.397% | 8,510,298 |
| Arcadia Unified School District 1993 Series C | 2,567,814 | 96.397% | 2,475,300 |
| Arcadia Unified School District Refunding 1993 2005 Series A | 166,790,423 | 96.397% | 160,781,277 |
| Monrovia Unified School District 1997 Series A | 7,074,059 | 0.706% | 49,943 |
| Monrovia Unified School District 1997 Series B | 9,999,602 | 0.706% | 70,613 |
| Monrovia Unified School District 2005 Refunding Bonds | 12,970,000 | 0.706% | 91,568 |
| Pasadena Unified School District 2006 Series A | 15,000,000 | 0.706% | 105,900 |
| Pasadena Unified School District 2004 Refunding Bonds | 78,805,000 | 0.022% | 17,126 |
| Pasadena Unified School District 2005 Refunding Bonds | 126,370,000 | 0.022% | 27,463 |
| Temple City Unified School District 1998 Series A | 4,133,249 | 8.594% | 355,230 |
| Temple City Unified School District 1998 Series B | 5,266,500 | 8.594% | 452,627 |
| Temple City Unified School District 2005 Refunding BD | 12,620,000 | 8.594% | 1,084,620 |
| Total Overlapping Debt | | | 194,716,007 |
| TOTAL Direct and Overlapping Debt | | | \$ 202,101,007 |

2006/07 Assessed Valuation : \$8,195,664,503 after deducting \$359,776,621 of Increment Value.

Debt to Assessed Valuation Ratios:

| | |
|------------------|--------|
| Direct Debt | 0.090% |
| Overlapping Debt | 2.380% |
| Total Debt | 2.470% |

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 assessed value.

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% |
| 2015 | 57,050 | 2,208,838 | 38,717 | 3.90% |

Source: US Bureau of Census, Employment Development Department

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

2016

| Employer | Employees | Rank | Percentage of Total City Employment |
|---|-----------|------|---|
| Nordstrom Inc | 412 | 1 | 2.76% |
| Macy's West | 342 | 2 | 2.29% |
| Worley Parsons Group, Inc | 285 | 3 | 1.91% |
| J C Penney Corp, Inc # 1417-5 | 236 | 4 | 1.58% |
| Dave & Buster's | 194 | 5 | 1.30% |
| The Cheesecake Factory Restaurants, Inc | 175 | 6 | 1.17% |
| J T Posey Company | 162 | 7 | 1.09% |
| 99 Ranch Market 7 | 146 | 8 | 0.98% |
| Forever 21, Retail, Inc | 133 | 9 | 0.89% |
| Danco Metal Surfacing | 132 | 10 | 0.89% |
| Total | 2217 | | 14.87% |

2006

| Employer | Employees | Rank | Percentage of Total City Employment |
|----------------------------|-----------|------|---|
| Vons Companies Inc. | 688 | 1 | 4.93% |
| Nordstrom Inc. | 412 | 2 | 2.95% |
| Worley Parsons Group, Inc. | 331 | 3 | 2.37% |
| Macy's West | 258 | 4 | 1.85% |
| JC Penney Corp. Inc. | 215 | 5 | 1.54% |
| Dave & Buster's | 196 | 6 | 1.41% |
| J T Posey Co | 193 | 7 | 1.38% |
| Rusnak | 182 | 8 | 1.31% |
| Pavilions 3208 | 170 | 9 | 1.22% |
| Emergency Groups Office | 165 | 10 | 1.18% |
| Total | 2810 | | 20.15% |

Source: Business License Division, City of Arcadia

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

| <u>Function/Program</u> | <u>Fiscal Year</u> | | | | | | | | | |
|-------------------------|--------------------|------|------|------|------|------|------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| General Government: | | | | | | | | | | |
| City Manager | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| City Clerk | 3 | 3 | 3 | 2 | 2 | 2 | 3 | 4 | 4 | 4 |
| City Attorney | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Administrative Services | 15 | 15 | 15 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Police | 109 | 111 | 105 | 100 | 101 | 100 | 96 | 94 | 94 | 95 |
| Fire | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 58 | 58 | 58 |
| Public Works: | | | | | | | | | | |
| Streets | 25 | 24 | 24 | 25 | 24 | 24 | 25 | 25 | 25 | 25 |
| Water & Sewer | 30 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 34 |
| Garage | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 |
| Development: | | | | | | | | | | |
| Community Development | 20 | 20 | 19 | 18 | 19 | 20 | 20 | 21 | 23 | 25 |
| Redevelopment | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Engineering | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Recreation | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 10 |
| Library | 21 | 20 | 20 | 20 | 19 | 19 | 19 | 19 | 19 | 19 |
| Total | 306 | 309 | 301 | 295 | 296 | 295 | 292 | 293 | 296 | 301 |

Source: Administrative Services Department, City of Arcadia

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

| Function/Program | Fiscal Year | | | | | | | | | |
|---|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Police: | | | | | | | | | | |
| Physical Arrests | 1,688 | 1,914 | 1,918 | 2,151 | 2,094 | 2,076 | 2,053 | 2,404 | 2,103 | 2,098 |
| Parking Violations | 7,767 | 16,413 | 16,053 | 16,415 | 14,686 | 13,056 | 10,908 | 13,211 | 14,348 | 11,805 |
| Moving & Non-Moving Violations | 3,035 | 4,700 | 6,314 | 6,394 | 5,258 | 5,202 | 6,560 | 6,158 | 5,885 | 6,122 |
| Fire: | | | | | | | | | | |
| Emergency Responses | 4,678 | 4,728 | 4,526 | 4,560 | 4,575 | 4,944 | 4,379 | 4,960 | 4,123 | 5,560 |
| Fires Extinguished | 198 | 170 | 159 | 142 | 116 | 146 | 74 | 126 | 111 | 123 |
| Inspections | 3,425 | 3,297 | 3,722 | 3,970 | 4,029 | 3,874 | 3,514 | 4,732 | 4,089 | 3,798 |
| Public Works: | | | | | | | | | | |
| Street Slurry Resurfacing (SF) | 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 | 3,441,499 |
| Sidewalk Repaired (SF) | 9,755 | 3,279 | 4,621 | 3,279 | 17,081 | 18,859 | 12,475 | 11,435 | 11,300 | 28,475 |
| Curb & Gutter Repaired (LF) | 3,130 | 3,791 | 2,110 | 3,791 | 2,205 | 1,273 | 1,662 | 6,067 | 1,793 | 15,815 |
| Street Lights Repaired | 191 | 232 | 244 | 238 | 130 | 290 | 240 | 116 | 106 | 340 |
| Street AC Resurfacing (SF) | - | - | - | - | - | - | - | - | - | 347,550 |
| Economic Development: | | | | | | | | | | |
| Street Resurfacing (SF) | 250,000 | 614,400 | 384,000 | 432,000 | 412,000 | 163,520 | 170,331 | 269,450 | 44,000 | 335,500 |
| Building Permits | 1,374 | 1,226 | 1,165 | 1,251 | 1,254 | 1,096 | 1,419 | 1,548 | 1,615 | 1,724 |
| Planning Cases Submitted and Processed | 407 | 372 | 412 | 410 | 414 | 466 | 543 | 680 | 655 | 538 |
| Parks and Community Services: (Number of Participation) | | | | | | | | | | |
| Youth Programs | 3,710 | 3,809 | 44,990 | 66,766 | 51,032 | 53,511 | 50,122 | 45,010 | 50,800 | 58,463 |
| Swim Program | 17,590 | 11,987 | 10,203 | 17,818 | 8,918 | 31,963 | 11,577 | 7,915 | - | - |
| Senior Citizen Programs | 96,872 | 90,993 | 86,620 | 83,620 | 84,898 | 87,943 | 90,422 | 86,099 | 82,671 | 79,371 |
| Contract Classes/Adult Programs | 128,065 | 201,543 | 144,529 | 181,562 | 205,692 | 122,669 | 123,527 | 130,189 | 138,032 | 97,475 |
| Community Center Rental Usages | 25,703 | 23,896 | 20,434 | 19,665 | 18,457 | 17,496 | 15,765 | 12,730 | 12,391 | 10,561 |
| Special Events | | | 12,950 | 12,250 | 13,400 | 11,165 | 8,900 | 8,553 | 19,576 | 14,563 |
| Dana Gym | | | | 4,100 | 58,200 | 9,846 | 18,496 | 19,563 | 20,168 | 13,295 |
| Wilderness Park Classes & Rentals | | | | | 5,958 | 5,670 | 5,959 | 5,729 | 5,871 | 5,488 |
| Library: | | | | | | | | | | |
| Books and other items total | 160,514 | 184,827 | 191,139 | 196,905 | 203,460 | 206,020 | 204,642 | 205,658 | 205,107 | 200,980 |
| Total Circulation | 686,108 | 712,482 | 728,311 | 725,397 | 728,878 | 775,481 | 789,354 | 792,333 | 685,362 | 719,432 |
| Water: | | | | | | | | | | |
| Number of Water Accounts | 13,650 | 13,670 | 13,990 | 13,665 | 13,728 | 14,011 | 14,021 | 13,651 | 13,942 | 13,659 |
| Total Water Served to Direct Customer (AF) | 22,190 | 17,257 | 16,703 | 14,261 | 13,500 | 14,988 | 15,495 | 15,704 | 15,325 | 11,089 |
| Sewer: | | | | | | | | | | |
| Sewer Cleaning (Miles) | 152 | 152 | 155 | 246 | 142 | 187 | 227 | 226 | 227 | 224 |
| Transit Services/Dial-A-Ride: | | | | | | | | | | |
| Total Route Miles (round-trip) | 297,278 | 261,757 | 268,743 | 272,719 | 258,992 | 263,844 | 292,742 | 296,004 | 251,420 | 243,873 |
| Passengers | 119,202 | 107,327 | 109,149 | 117,288 | 110,364 | 109,613 | 126,044 | 130,134 | 112,398 | 108,005 |

Source: Various City Departments

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

| <u>Function/Program</u> | Fiscal Year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 18 | 17 | 18 | 18 | 20 | 20 | 22 | 23 | 23 | 23 |
| Motor Units | 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 | 1,628 | 1,628 | 1,628 | 1,628 | 1,628 | 1,640 | 1,640 | 1,642 | 1,642 | 1,642 |
| Traffic Signals | 64 | 67 | 67 | 67 | 67 | 67 | 67 | 69 | 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 | 1 |
| Water: | | | | | | | | | | |
| Water Main (miles) | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 |
| Fire Hydrants | 1,430 | 1,497 | 1,420 | 1,427 | 1,506 | 1,529 | 1,530 | 1,534 | 1,539 | 1,542 |
| Storage Capacity (millions of gallons) | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| Wastewater: | | | | | | | | | | |
| Sanitary Sewers (miles) | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 |
| Storm Sewers (miles) | 8 | 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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