



City of Arcadia California

Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2017

**CITY OF ARCADIA
ARCADIA, CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by:

ADMINISTRATIVE SERVICES DEPARTMENT

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December 15, 2017

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, 2017, 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, 2017, 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, 2017. The independent auditor concluded, based upon the audit that the City of Arcadia's financial statements for the fiscal year ended June 30, 2017 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. Generally Accepted Accounting Principles (GAAP) in the United States of America also require that management provide a narrative introduction, overview, and analysis of the basic financial statements in the form of Management's discussion and analysis (MD&A). This information 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. On October 17, 2017, the City Council adopted Ordinance No. 2350 establishing by-district elections, defining district boundaries, and scheduling elections within the districts. The City's first districting election will occur in April 2018.

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 transit program that provides fixed route and door-to-door transportation service for residents.

LOCAL ECONOMY

The City of Arcadia has a thriving and successful regional shopping center in Westfield Santa Anita, and a diverse local economy with a mix of commercial, retail, office, service, and industrial uses. There is also world-famous Santa Anita Park Racetrack, a booming medical office sector in close proximity to Methodist Hospital, and a Gold Line Light Rail connection to Pasadena and Downtown Los Angeles. Because of the various economy, the City's revenue base consists of property tax, sales tax, hotel tax, utility user 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 sales tax revenue base is comprised of these major industry groups: General Consumer Goods (41%), Restaurant and Hotels (20%), State & County Pool (13%), Autos and Transportation (11%), Fuel and Service Stations (11%), Food and Drugs (5%), Business and Industry (4%),

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.

Revenues based on the City's property value, including property tax and motor vehicle license fees, continues to grow, however, the collection of Sales Tax and Utility User Tax slightly declined after several years of continued upward growth. The continuing water conservation efforts and decrease of electricity and telecommunication rates have caused the reduction in Utility User Tax. A shift in consumer behavior to on-line purchases seemingly caused a reduction of sales tax revenue. On-line purchases are grouped into the "County Pool" for redistribution to cities in the "pool". Unfortunately, Arcadia only receives .74% as oppose to the full 1% of sales tax that would normally come the City for purchases made in the City.

Arcadia continues to benefit from the steady economic improvements that are taking place statewide. A blend of steady growth in the labor market, low interest rates, and controlled 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. Although the activities of the City's residential construction has slowed down, the commercial and mixed-used developments continued to be strong. During the year, the City continued close coordination with Santa Anita Racetrack on operational improvements and planning at Santa Anita, as well as additional uses of the facility and the site, such as the Cal Phil concert series, 626 Night Market, and other special events. Additionally, in proximity to the Racetrack, the City was able to initiate construction on the former Santa Anita Inn hotel development into a Marriot Delta Hotel, a project that contains 149,000 sqft of hotel space and 115,000 sqft of residential and commercial mixed use. On another front of commercial development accomplishments, during the fiscal year, the City worked with a developer to repurpose a reclaimed quarry site into a major logistic center and other industrial uses. The repurposed site will house over 1 million square feet of industrial and logistics uses, including a Fed Ex Distribution facility.

In fiscal year 2016-17, Arcadia was one of the two cities, with a population under 68,000 that received the Eddy Awards for the Most Business-Friendly City by the Los Angeles County Economic Development Corporation (LAEDC). Over the past several years, the City has taken great strides to cut red tape, streamline processes, and enhance customer service through a business assistance program, and a new pro-business Development Code. The City is focused on finding creative solutions for new businesses, providing resources and assistance to existing businesses, and fostering a business-friendly environment throughout the City.

FISCAL YEAR 2016-17 ACTUALS

For the fiscal year ending June 30, 2017, General Fund Group including the internal service funds resulted in an operating surplus of \$1.5 million. Total revenues was at \$59.0 million, which decreased by \$0.4 million, or 0.6%, in comparison to the prior fiscal year. Among major tax categories, Property Tax had a growth of \$0.9 million, Sales Tax revenue was approximately \$0.2 million lower, Franchise Tax declined by \$0.1 million, and both Transient Occupancy Tax and Utility User Tax were almost unchanged when compared to the prior fiscal year. The largest reduction of revenue, \$0.4 million, came from the License and Permits category. This was primarily due to the reduction of residential development activities. The residential construction accelerated growth started in 2010 and peaked in 2014. Recent growth have fallen back to the "normal" growth rate that slowly reduced to the level prior to the 2007-08's Great Recession. Other contributors to the comparable revenue decline include lower service demands in the Safety and Park and Recreational programs. When comparing to the year's budget, total actuals came in as projected to the final adopted budget, with a minimal variance.

General Fund Group expenditures total was \$57.6 million. It is \$0.6 million or 1.0% more when comparing to the prior fiscal year, but \$3.8 million lower in comparison to the adopted budget. The increase over the prior year was primarily due to higher personnel costs resulted from expected increases as agreed to by the employment agreements and higher retirement costs. The favorable budget variance could be attributed to three categories: \$0.9 million in personnel costs, \$1.2 million for operating expenses, and \$1.7 million in the equipment replacement budget. Personnel savings was due to higher than expected employee vacancies. Key operating budget savings came from contracts services and vehicle maintenance costs. As for savings in the equipment replacement budget, most of that budget resulted from unfinished projects that will be carried over to the following fiscal year. Most of the City departments ended the fiscal year with a positive budget variance with only two exceptions: the City Attorney's office incurred more legal fees to defend lawsuits filed against the City, and the General City office inured more than expected costs in repairing the

damages to City properties caused by vandals or vehicle accidents. The City pursues legal means to recover those cost in damages. However, those successful recoveries tend to be at length prior to actual receipts to the City.

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 2017-18 BUDGET

As presented, the proposed General Fund Operating Budget anticipates a balance budget of \$62.2 million, including also a \$1.5 million of transfers to Capital Project and Equipment Replacement funds to fund future maintenance and replacement needs. The Operating General Fund Balance is projected to be around \$7.3 million at end of the budget year. The proposed Budget was prepared with an eye towards expanding the already high level of service in Arcadia, but with consideration for cost effectiveness. This is accomplished through identifying cost cutting measures and operational efficiencies wherever possible.

For FY 2017-18, total General Fund revenues are expected to increase slightly by 0.45% in comparison to FY 2016-17 year ending estimates. The largest revenue source to the City's General Fund is from Taxes, including Property Tax, Sales Tax, Transient Occupancy Tax, Utility Users' Tax, and Motor Vehicle License Fees. Their projected receipts are shown in the table below.

<i>Description</i>	<i>FY 2016-17 Estimates</i>	<i>FY 2017-18 Proposed Budget</i>	<i>Difference</i>	<i>% Change</i>
Property Tax	\$ 13,723,500	\$ 14,409,800	\$ 686,300	5.0%
Sales Tax	\$ 11,066,700	\$ 11,398,600	\$ 331,900	3.0%
Transient Occupancy Tax	\$ 3,725,000	\$ 3,874,000	\$ 149,000	4.0%
Utility Users' Tax	\$ 6,657,800	\$ 6,858,000	\$ 200,200	3.0%
Motor Vehicle License Fees	\$ 6,461,500	\$ 6,796,500	\$ 335,000	5.2%

Property Tax: The City expects to continue to benefit from the recent growth in new home sales. Although annual home valuations may have leveled off from its peak in 2014, recent home renovations and sale activities continue to produce higher overall valuations. This is not only due to an increase in home sizes in the community but also to the change of ownership to homes held since Proposition 13's passage, which kept long-held homes at an artificially low assessed value until they resell. As such, the City expects to continue to see slightly higher than normal growth of 3%-4% in property tax receipts in the range of 5.0%, or \$686,300, for FY 2017-18.

Sales Tax: Sales taxes are projected to increase 3.0%, or \$331,900, in comparison to FY 2016-17. Overall strong employment data, greater consumer confidence, and a measured inflation provide a basis for the expected increase. Locally, the continued strength of the Westfield Santa Anita Mall and a full year's operation of the expanded Rusnak Mercedes-Benz showroom and service center are expected to help improve upon sales tax receipts.

Transient Occupancy Tax: This tax category is also expected to benefit from the low unemployment rate as it suggests an increase to business and recreational travels. The projection for FY 2017-18 is \$3.9 million, a 4.0%, or \$149,000, increase over the previous Fiscal Year.

Utility Users' Tax: Utility Users' Tax ("UUT") is projected to increase by 3.0%, or \$200,200, when compared to the FY 2016-17 year ending estimate. Part of the growth will come from an increase in water usage resulting from the State's easing of drought regulations, as well as the anticipated CPI increase in water rates. Additionally, Southern California Edison has announced changing of their tier rate plan and with the estimated increase of 3.7% for residential accounts, which is likely to increase the overall UUT revenues.

Motor Vehicle License Fees ("VLF"): This tax is projected to increase by 5.2%, or \$335,000, to \$6.8 million. Revenues from this line item are largely linked to annual property assessed valuation.

Other major revenue categories such as Licenses and Permits are expected to decrease greatly when compared to FY 2016-17. Unlike the peak of FY 2013-14, Building and Plan Check fees are expected to return to their “normal” levels of approximately \$800,000 in each fee area. Since plan check services are largely contracted out, expenditures in this area have been commensurately reduced. 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 2.5% to maintain the same high level of services to the community. Where possible, line items have been reduced to reflect efficiencies that have been implemented over time and to remove any potential for waste. The notable increases relate to the labor agreement contracts (salaries & medical benefits) and the rise of employer pension contributions to make retirement funding more sustainable.

As with the prior fiscal year, the proposed budget also includes an ongoing \$650,800 contribution into the Other Post Employment Benefit (“OPEB”) Trust Fund. The OPEB Trust Fund allows the City to save today for known medical and associated retirement benefits costs in the future. Over time, the increase in value of the funds invested reduces the City’s overall costs of providing these benefits. The combination of significant pension reforms put into place in 2011 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 labor cost 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.

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

Beyond FY 2017-18

While the City’s 5-Year Financial Forecast indicates that most revenues and expenditures will continue to grow modestly, the Forecast also anticipates sharply rising pension costs. Despite major reforms put in place by the City in 2011 and the State in 2013, recent policy changes by the CalPERS Board of Administration add an additional layer of challenges to the budget.

In December 2016, the CalPERS Board of Administration approved lowering the CalPERS discount rate assumption, the expected long-term rate of return, from 7.5% to 7.0% over the next three years. Lowering the discount rate means pension plans will see increases in both the normal costs (the cost of pension benefits accruing in one year for active members) and the accrued liabilities. These increases will result in higher required employer contributions. The projected increase, using the current preliminary information that is available, is estimated to average \$2.0 million annually, beginning in FY 2018-19 through FY 2022-23. If all other factors remain the same, the City’s operating revenue would not be sufficient to incorporate a balance budget and pay for all projected operating expenses starting in FY 2019-20.

In the coming FY 2017-18, the City and employees will enter into the last year of a four-year labor agreement that was in place starting in FY 2014-15. Labor negotiations are expected to take place during the fiscal year, and as with past negotiations, typically within the mid-year period. Though, at this time, it is unknown if there will be cost implications because of the bargaining process, it should be noted that this will potentially impact future operating budgets.

In order to maintain a balanced budget, it will be essential for the City to not only continue its history of conservative spending, but also to either find substantial new revenue sources or modify its service delivery to reduce costs significantly. The staff will work with the City Council and the community in the coming year to fully explore all available options in both of these arenas to ensure the long term health of the organization.

DEBT ADMINISTRATION

As of June 30, 2017, the City has outstanding balance of \$6,620,000 for the Series 2011 General Obligation Bonds and \$5,190,000 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. The 2012 issuance was to refinance the 2001 General Obligation Bonds, which proceeds were used to fund the construction of the Police Station.

The City's General Obligation Bonds are rated as "AAA" while affirming the stable outlook by Standard and Poor's since 2016, which is the highest credit rating only given to organizations with outstanding economic outlook.

INTERNAL CONTROL

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

BUDGETARY 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)

The City provides retiree medical benefits through the CalPERS Health Program to eligible retired employees, and the City's actuarial accrued liability (AAL) was estimated to be \$19.7 million based on the most recent valuation report dated June 30, 2017. The OPEB liability grew by \$1.7 million in comparison to the report prepared two years earlier. The contributors of the increase include additional services costs for participants due to the passage of times, increase in members covered, and change of assumptions based on the plan's experience. The assumption changes that resulted in the higher liability were higher medical premiums than previously projected, fewer employee terminations, and future mortality improvement affecting the assumed retiree life expectancy. As part of the efforts to ensure the City's long-term financial sustainability, the City established an IRS Section 115 irrevocable trust with California Employers' Retiree Benefit Trust (CERBT) in June 2016, and started to prefund the OPEB liability. As of June 30, 2017, the City's OPEB Trust had a balance of \$2.1 million. It is the City's plan to continue to fund the Trust by including an amount equals to the actuarial required contribution (ARC) in the budget in future years. As 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, the investment returns could be a significant part of the funding source for paying down the benefits.

MAJOR ACCOMPLISHMENTS

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

General Government

- Continue to review and evaluate the City's investment practices, including the monitoring of contracted investment management services. Completed a request for proposal on investment management services and selected the new investment advisor to endeavor to meet or exceed targeted rates of return on investment.
- Audit the City's classification specifications to insure the current job functions match the job specifications and those they comply with all applicable laws.
-

MAJOR ACCOMPLISHMENTS (CONTINUED)

- Completed 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.

Police Services

- Increased 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;
- Increased the number of Automated License Plate Reader (ALPR) cameras through a strategic build-out plan to combat criminal activity, enhance productivity, and improve officer safety through an increased collection of vehicle license plate information;
- Expanded the Department's GPS Tracking Device Program to increase misdemeanor and felony arrests of suspects committing criminal activities, such as package thefts and commercial burglaries in various regions of the City;
- With the continued support of the Arcadia Police Foundation, expanded the K-9 Program to include a second K9, which further supports daily law enforcement operations and enhances 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;
- Established a regional mental health evaluation team with neighboring jurisdictions and collaborated with a Clinician of the LA County Department of Mental Health for developing protocols and resources for dealing with persons with mental health issues.

Fire Services

- Re-instatement of the Arcadia Fire Department (AFD) with a Class 1 Public Protection Classification rating by the Insurance Services Office (ISO), an organization that independently evaluates municipal fire protection efforts in communities throughout the United States. Class 1 rating is the highest possible score that can be given to any fire department nationwide;
- Introduced the PulsePoint Respond life-saving mobile application as a tool that could help save the life of someone suffering a cardiac arrest;
- In collaboration with the Los Angeles County EMS Agency and Arcadia Methodist Hospital, the Arcadia Fire Department provided a three-day "Sidewalk CPR" training to approximately 1,000 Arcadia high school students on June 2017. This is a hands only CPR training for bystanders to learn how to keep a cardiac arrest victim alive until paramedics arrive;
- Updated the AFD's Manual of Operations that sets the departmental guidelines, policies, and regulations.
- In collaboration with the Public Works Services Department, acquired its first hybrid electric vehicle for the Fire Prevention Bureau utilizing the Southern California Air Quality Management District (SCAQMD) funds.
- Procured a new triple combination fire pumper truck for the department;
- Approval of the Medicare revalidation application enabling the AFD to continually collect Medicare payments accordingly through year 2021;
- Enhanced the Fire Prevention Bureau's paperless technologies to its inspection permits and pre-plans;
- Amended the Arcadia Municipal Code relating to Fire Code regulations;
- Implemented the AFD's social media platforms to include Facebook, Instagram, and Twitter.

MAJOR ACCOMPLISHMENTS (CONTINUED)

Public Work Services

- Updated the Median Island Master Plan which sets guidelines and recommendations for future improvements and standardization of the City's center medians;
- Renovated center medians by removing dead turf and installing a combination of ground cover, drip irrigation, drought tolerant plants, mulch, decomposed granite and rock features;
- Removed the existing 10-inch cast iron water main on Camino Real Avenue between Wesley Lane and Second Avenue and installed a new 12-inch ductile water main and valves;
- Rehabilitated Peck Well by cleaning the well casing, replacing the existing worn column pipe, rewinding of the electrical motor, and replacing the pump bowl assembly;
- Upgraded and installed electrical lighting equipment at the Par 3 Golf Course. Replaced original electrical lighting equipment throughout the course which included the installation of new electrical master switchboard, remote transformers, and distribution boards;
- Replaced the Longden Reservoir roof with a new steel roofing system.

Development Services

- Completed major overhaul of City's Development Code, creating a user-friendly document focused on streamlining processes, reducing red-tape, modernizing land uses, and incorporating business-friendly practices;
- Completed repaving and resurfacing of major arterial in Duarte Road. Duarte Road is a key east-west thoroughfare through Arcadia that carries a great deal of regional traffic. Improvements to Duarte Road are beneficial not only for the City, but for neighboring communities;
- Completed buildout of major portions of the Arcadia Logistics Center. This development is on a reclaimed quarry site and signals a major land use success story. The repurposed site will house over 1 million square feet of industrial and logistics uses, including a Fed Ex Distribution facility;
- Installed numerous cameras and Intelligent Transportation Systems equipment to improve traffic flow at key intersections citywide;
- Completed RFP process for new provider for the City's Transit System. Arcadia Transit has been upgraded from a Dial-a-Ride service to a full fixed route system with Dial-a-Ride. A new provider will improve and modernize the system even further;
- Completed a citywide Historic Resources Inventory to identify historic buildings and resources throughout Arcadia. The Inventory also identifies potential historic districts and lays the foundation for a Historic Preservation Ordinance, which is currently in development;
- Cooperate with Santa Anita Race Track on major new events such as the 626 Night Market, and other large-scale attractions to bring activity and vitality to the Race Track when horses are not running;
- Coordinate with Westfield Santa Anita on continued mall developments and modernization. The City has partnered closely with Westfield on several cutting edge retail concepts such as a “food alley” and major restaurants and public space upgrades to enhance the visitor experience;
- Completed entitlements on major hotel development in the Downtown core. A new Delta Hotel by Marriott has been approved at the site of a former small motor hotel. The new Delta Hotel will be a full service, 4 star hotel and will provide much needed amenities to the site, including a restaurant, full meeting and conference facilities, etc;
- Developed Unoccupied Home Registry to track homes throughout the community that are not occupied and may be contributing to code enforcement issues or security problems;
- Completed Ordinance banning Short Term Rentals. The City went through a deliberative process to determine how to regulate short-term rentals such as AirBnB or VRBO. Ultimately, it was decided to not allow these uses in Arcadia due to quality of life concerns and impacts to our neighborhoods;

MAJOR ACCOMPLISHMENTS (CONTINUED)

- Broke Ground on two major mixed-use/residential projects near the Downtown. Two projects are under construction in the Downtown that will bring approximately 30,000 square feet of new commercial, restaurant and retail space and approximately 80 residential units.

Recreation and Community Services

- Completed retrofit with a cork and rubber blend infill material, which provides for a much cooler field of play. In addition, the two soccer goals were placed into concrete footings to avoid any relocation of the goals. During this project, AYSO graciously donated \$35,000 towards the project, specifically the cork infill to decrease field temperatures;
- Completed renovation of Community Center restrooms with aesthetically pleasing new floor to ceiling tile, restroom partitions, and fixtures in both sets of restrooms;
- Implemented the Arcadia Youth Council with eight Arcadia residents representing middle school through high school students interested in improving the community for their peers. This Council meets four times per year and includes City staff and a City Council liaison;
- Revised the department mission statement from a previous mission statement to better reflect the current goals and objectives of the department and serve as an integral part of the new Recreation and Parks Master Plan;
- Dedicated the Wilderness Park picnic pavilion with a plaque and small celebration recognizing the contributions of former Recreation and Community Services Director Jerry Collins who recently passed away;
- Implemented several new youth, adult, and senior activities including exercise and musical enrichment activities. In addition, the department has increased the number of staff trainings hosted in the Museum Education Center;
- Completed an “Adopt a Field” agreement that provides free use of City baseball fields for local little leagues in exchange for ongoing field maintenance and improvements provided by the leagues. These agreements were completed with each league President and articulate the ongoing responsibilities of the City and each little league;

Library and Museum Services

- Implemented phase one of the space utilization plan of action to address requests from the community for more seating and upgraded technology in the Library;
- Completed the Reference Integration project after three long years of evaluating, selecting, recataloging and moving collections;
- Expanded the International Languages shelving area to provide more space, especially for the very popular and growing Chinese language materials;
- Continued to adapt to evolving needs of the Library's physical collection by shifting items, reconfiguring shelving, and creating new signage and new paint in the main reading room of the Library;
- Replaced 23 old XP public computers with 32 new Windows 7 computers;
- Installed a new scanner-fax-copy machine for the public.
- Applied for and received a Virtual Reality headset and computer station.
- Installed Credit card machines on the public print stations that provide a credit card option for prints and copies.
- Completed the construction of the life-like figure of Elias J. "Lucky" Baldwin, and it is being displayed in the Museum;
- Upgraded the Library facility with new carpeting and completed the design phase of the Tech Center upgrade;
- Recognized and celebrated the Museum's 15th Anniversary; Renamed the Museum Education Center to the Floretta K. Lauber Museum Education Center and had a naming ceremony to commemorate this event;
- Replaced the existing lighting in the Museum with LED lighting;
- The Museum Education Foundation dissolved.
- Began review of Audience for the Museum in order to move toward accreditation with the American Alliance of Museums.

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

- 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.
- Replace the City's Utility Billing system with an innovative program that would allow the usage of all up to date technology and enable the residents to pay bills and look up history on-line.
- Complete the contract negotiation with the City's employee groups to replace the expiring Memorandum of Understanding (MOU).
- Oversee the completion of the Classification and Compensation Study and audit the City classification specifications as result of the study.
- Work with each Department and bargaining group on updating and simplifying language in the City's Personnel Rules and Regulations.
- Continue to implement the Human Resources Division's Records Retention plan using document imaging computer systems to improve record keeping and information retrieval with respect to various personnel and workers compensation records.
- Research and evaluate the option to implement a citywide Purchasing/Procurement Card Program or PCard, revise the Purchasing Manual accordingly and provide training to city employees.
- 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.

Police Services

- Continue to build the Department's social media platform in order to increase Department presence, investigative resources, crime awareness, and community engagement;
- 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 participation in the Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (L.A. IMPACT) – a multi-jurisdictional taskforce by actively participating in the Crime Impact Team/Group 25, which will combat burglary and robbery crimes in Arcadia and surrounding cities;
- Further develop the activities of the Community Relations Liaison for the purpose of expanding the growth and development of the Neighborhood Watch Program and homelessness awareness; 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 continued support of the Arcadia Police Foundation, further expand the 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;
- Continue to support the mission and objectives of the Arcadia Police Foundation to address the complexities of policing in the 21st century. The foundation will continue to promote partnerships between APD and the public, mobilize community support, and enhance community understanding of law enforcement initiatives;
- Continue the expansion of 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;
- Continue the expansion of the Department's GPS Tracking Device Program to increase misdemeanor and felony arrests of suspects committing criminal activities in various regions of the City;

FUTURE INITIATIVES (CONTINUED)

- 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;
- 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;
- Continue participation in the West San Gabriel Valley Mental Evaluation Team (WSGMET) and collaboration with the Los Angeles County Department of Mental Health to address and combat mental health incidents, and provide mental health assistance and resources to homeless persons in Arcadia;
- Further expand homelessness outreach efforts through the activities of the APD's Homeless Education & Liaison Program (HELP Team), which aims to improve the quality of life in Arcadia by reaching out to the homeless community and providing information, resources, and motivation with the ultimate goal of finding an alternative to life on the streets;
- Develop and implement bi-annual ADA Telecommunication training to comply with Section 504 of the Rehabilitation Act.

Fire Services

- Enhance service delivery model for paramedic service;
- Procure an additional hybrid electric vehicle for the Fire Prevention Bureau;
- Update the Paramedic Membership Program (PMP) brochure for residents and businesses.
- Increase the PMP outreach in the community;
- Expand the capability of the department's emergency mass notification system services.

Public Works Services

- 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;
- To help improve 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;

Development Services

- Complete dissolution of Redevelopment Area by selling off former Redevelopment Agency properties (one property remaining) - RFP has been issued;
- Complete improvement projects for downtown parking modifications. Several projects are ongoing to improve and enhance parking in the downtown core;
- 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 with new Service Provider-First Transit;

FUTURE INITIATIVES (CONTINUED)

- Continue close work with Downtown Arcadia Improvement Association on downtown developments/beautification and special events;
- Complete two new hotel projects in Downtown core;
- Complete major mixed-use development in South Arcadia (Olson Project);
- Continue to process multi-family projects throughout City.

Recreation and Community Services

- Implement the Recreation and Parks Master Plan which serves as a roadmap for the City to determine the best use of funding for parks, programs, and services over the next 20 years separated into tiers based on the desires of the community;
- Landscape the Community Center plants and vegetation that is located at the rear of the Community Center in an effort to reduce use of water and to provide an aesthetically pleasing, drought tolerant landscape;
- Continue to work closely with local youth and adult non-profit organizations (such as LaJaJa, AYSO, and CHOICES) in an effort to provide high quality community based events and services;
- Increase programming at the Dana Gym with activities and events on a year round basis. City and AUSD staff will focus on maximizing space to accommodate each organization's growing programs.

Library and Museum Services Development Services

- Upgrade the Library Technology Center: creating a state of the art computer learning lab with an additional 20 seats;
- Upgrade the computer programs, including the replacement of last remaining XP public computer desktops with Windows 10 and the replacement of Windows 2003 server with a new Windows 2012 server;
- Apply for various grants to enhance Library's programs, including a 3D printer, Reader's Advisory Pop Up programming, Enki eBook lending platform, and bilingual books;
- Implement VR into Library programming: Novelist Plus that includes nonfiction, fiction and children's reader's advisory; expanded version of Tumblebooks for wider audience including classroom use;
- Add credit card payment option to the self-check out machines;
- Review and update the Museum's Audience section of the STePS program in order to move toward accreditation with the American Alliance of Museums.
- Review and update the Core Documents Verification program to provide confirmation that the Museum has policies and procedures in place that reflect standard practices of professional museums.
- Work to update the Museum's Long Range Plan;
- Improve Museum and MEC public Internet connectivity and wireless;
- Create educational programming to benefit all cultures and age groups of Arcadia's community:
 - 100th Anniversary of Ross Field Arcadia World War I Balloon School artifacts and program.
 - Juried Photography Contest and Exhibit.
 - Refresh the Arcadia Veterans Local History Room with new exhibit on Albert Gysegem.
 - Arcadia exhibit on Rancho Owners of Santa Anita; Santa Anita Woodcarvers and local history on Chinese American experience in Arcadia.

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, 2016. 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.

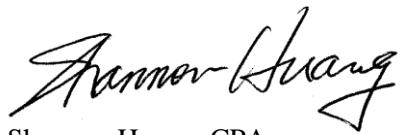
The City's Comprehensive Annual Financial Report was prepared through the combined efforts of City staff. Special recognition is due to the Financial Services Division staff for their effort to ensure timely and accurate reporting. We

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,



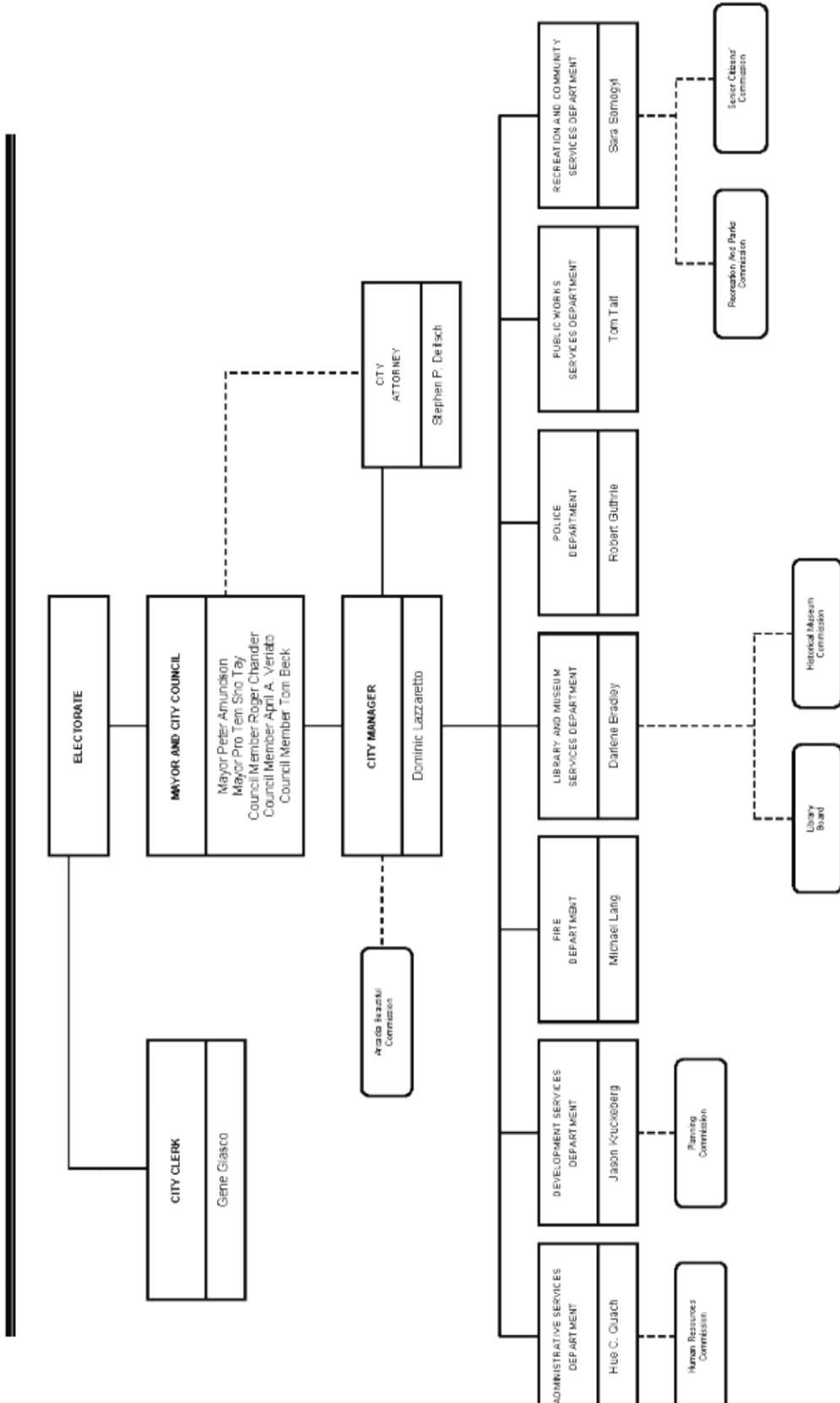
Hue C. Quach
Administrative Services Director



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

City of Arcadia

Organization Chart





CITY OF ARCADIA

Elected Positions and Administration Personnel

June 30, 2017

CITY COUNCIL MEMBERS

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

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
Darlene Bradley	Library and Museum Services Director
Robert Guthrie	Police Chief
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, 2016

A handwritten signature in black ink that reads "Jeffrey P. Evans". The signature is fluid and cursive, with "Jeffrey" on the top line and "P. Evans" on the bottom line.

Executive Director/CEO

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**PARTNERS**

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information for the City of Arcadia, California (the "City") as of and for the fiscal year ended June 30, 2017, 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, 2017, 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.

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 pages 5 through 23 and 89 through 96 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 22, 2017, 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 22, 2017

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City of Arcadia
Management's Discussion and Analysis
June 30, 2017

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, 2017. 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, 2017

the General Fund, Parks and Recreation Fund and Capital Outlay Fund. Data from the twenty-one 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 100 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 Governmental Activities was \$1.3 million for the fiscal year ending June 30, 2017. The largest 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 \$50.4 million. The restricted net position of \$23.6 million represents resources that are subject to external restrictions on how they may be used. The unrestricted fund balance shows a negative \$72.8 million, reflecting a deficit balance due to the City's unfunded pension liability. The reporting and accounting for pension obligations is a result of the implementation of GASB Statement Nos. 68 & 71.

City of Arcadia
Management's Discussion and Analysis
June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

City of Arcadia Statement of Net Position
Governmental Activities

Governmental Activities	30-Jun-17	30-Jun-16
Current and other assets	\$71,731,795	\$69,684,137
Capital assets (net of accumulated depreciation)	62,847,982	64,129,917
Total assets	134,579,777	133,814,054
Deferred outflow of resources	30,343,671	10,133,075
Current liabilities	8,071,441	8,871,353
Noncurrent liabilities	145,694,007	126,966,933
Total liabilities	153,765,448	135,838,286
Deferred inflow of resources	9,883,103	6,880,154
Net investment in capital assets	50,448,943	51,124,268
Restricted	23,629,877	21,662,679
Unrestricted	(72,803,923)	(71,558,258)
Total net position	\$1,274,897	\$1,228,689

City of Arcadia
Management's Discussion and Analysis
June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

City of Arcadia Statement of Activities
Governmental Activities

Governmental Activities	30-Jun-17	30-Jun-16
Program revenues:		
Charges for services	\$12,542,345	\$12,327,098
Operating contributions and grants	4,523,948	4,876,997
Capital contributions and grants	254,204	927,837
General revenues:		
Property taxes	16,150,617	15,149,171
Sales taxes	10,766,558	11,441,622
Franchise fees	1,000,308	1,100,952
Utilities user taxes	6,773,169	6,816,464
Transient occupancy taxes	3,543,908	3,531,944
Motor vehicle license taxes	6,461,508	6,136,906
Non-regulatory business license taxes	1,270,876	1,293,357
Other taxes	1,647,136	1,538,467
Investment earnings	1,458,553	1,856,318
Miscellaneous	3,020,800	3,482,819
Total revenues	69,413,930	70,479,952
Expenses:		
General government	9,515,214	6,890,053
Public safety	36,377,345	34,089,922
Public works services	7,829,369	8,525,715
Community development	6,542,784	6,316,456
Library	4,000,700	3,858,956
Recreation and community services	3,593,171	3,455,024
Interest on long-term debt	398,133	417,780
Total expenses	68,256,716	63,553,906
Increase (Decrease) in Net Position before Transfers	1,157,214	6,926,046
Transfers	(1,111,006)	(871,261)
Increase (Decrease) in net position	46,208	6,054,785
Net position – Beginning of fiscal year	1,228,689	(4,826,096)
Net position – End of fiscal year	1,274,897	1,228,689

City of Arcadia
Management's Discussion and Analysis
June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

Revenue of Governmental Activities decreased \$1.1 million or 1.5% to \$69.4 million for the fiscal year ended June 30, 2017, when compared to the prior year. Key elements of this decrease are as follows:

- Charges for Services increased \$0.2 million or 1.7%, compared to the prior year. Transportation Impact Fees collected on new construction projects was the major increase in this category, up by \$1.2 million. Despite the decline in the City's residential construction activities, development in commercial uses were strong, including a few mixed-use residential-commercial developments, a logistic distribution center, and a Marriott Delta Hotel. The hotel, once completed, will contain a 149,000 sqft. of hotel space together with a 115,000 sqft. of residential and commercial area. The logistic center is a repurposed reclaimed quarry site, redeveloped to house over 1 million square feet of industrial and logistics uses. In contrast, service fees from Police, Fire, and Recreation departments declined as the demands for their special services, such as movies and filming of commercials were lower than the previous year.
- Operating Contributions and Grants decreased by \$0.4 million or 7.2%. Funding from gas tax and Community Development Block Grant (CDBG) were less in comparison to the prior year. The reduction of gas tax revenue was largely due to lower gasoline prices during the year and lower consumptions, attributed to more efficient fuel and hybrid vehicles on the road. The decline in CDBG grant was due to the reduction of Federal Entitlement Program budget and its allocation.
- Capital Contribution and Grants decreased by \$0.7 million, primarily due to the reduction of the federal grant for the Hugo Reid Safe Routes to School project. This one-time project grant was used to improve the pedestrian infrastructure near Hugo Reid Elementary School.
- Property Tax revenue increased by \$1.0 million or 6.6%, caused by the continued growth in property assessed valuation. Since the Great Recession of 2008, the City was in a unique position of benefitting from the continual investments and reconstruction of larger homes in the community. The continuing annual growth was owed to sales and renovations of homes that were taken off Proposition 13 and were reassessed to market value. The well-established beautiful homes, high level of services by the City, and one of the most revered school districts in the San Gabriel Valley likely fueled interest into the community.
- Sales Tax decreased by \$0.7 million, or 5.9%. However, on a full accrual accounting method, that variance is \$0.2 million less in comparison to the prior fiscal year. At the beginning of the budget year, it was projected that sales tax revenue would see a 4.9% increase due to strengthening consumer confidence, the new addition of outdoor dining at the Westfield Santa Anita Mall, and the newly renovated Rusnak Mercedes-Benz dealership. However, both developments, mall and Rusnak, had delays and the benefits from those new businesses were only for a partial year. Additionally, consumer behavior has changed as more people are making their purchases on-line as they become more comfortable with the process. This change contributes to the reduction of "in city" transactions, which reduces overall sales tax coming back to the City.
- Franchise fees fell short by \$100,000, or 9.1%, due to the decline of cable franchise fees. This trend is likely to continue as the internet world have evolved and changed how users are subscribing to various media and entertainment for less. Options and substitutes are readily available in the form of streaming and on demand models that lets subscribers choose specific contents as oppose to "a package" subscription.

City of Arcadia
Management's Discussion and Analysis
June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

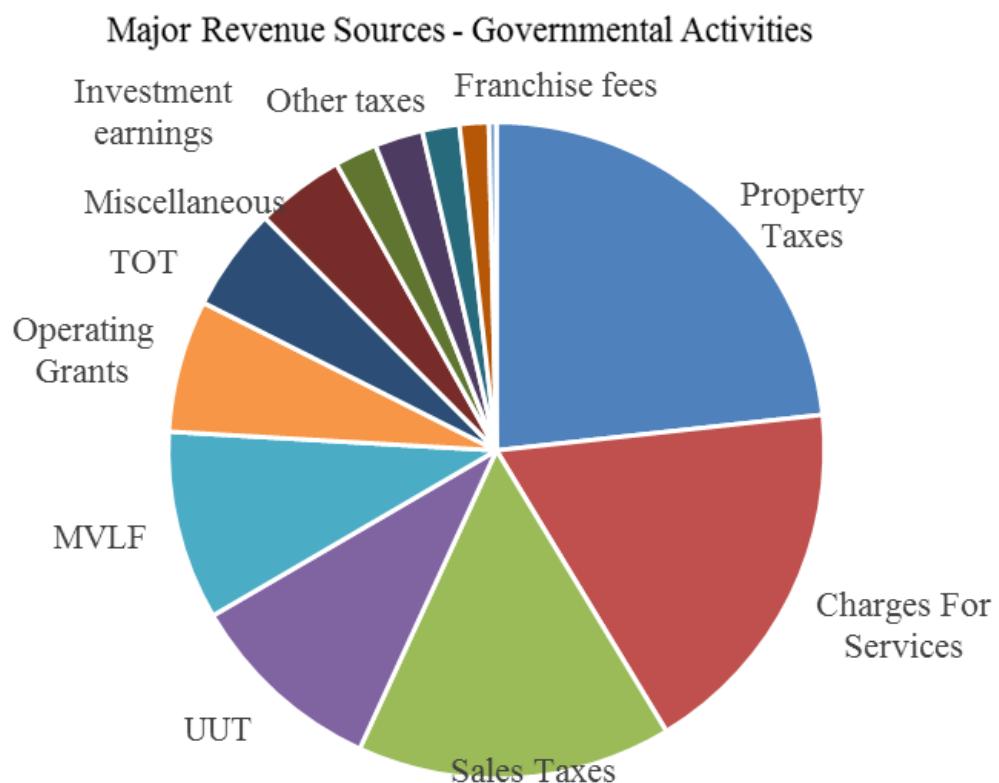
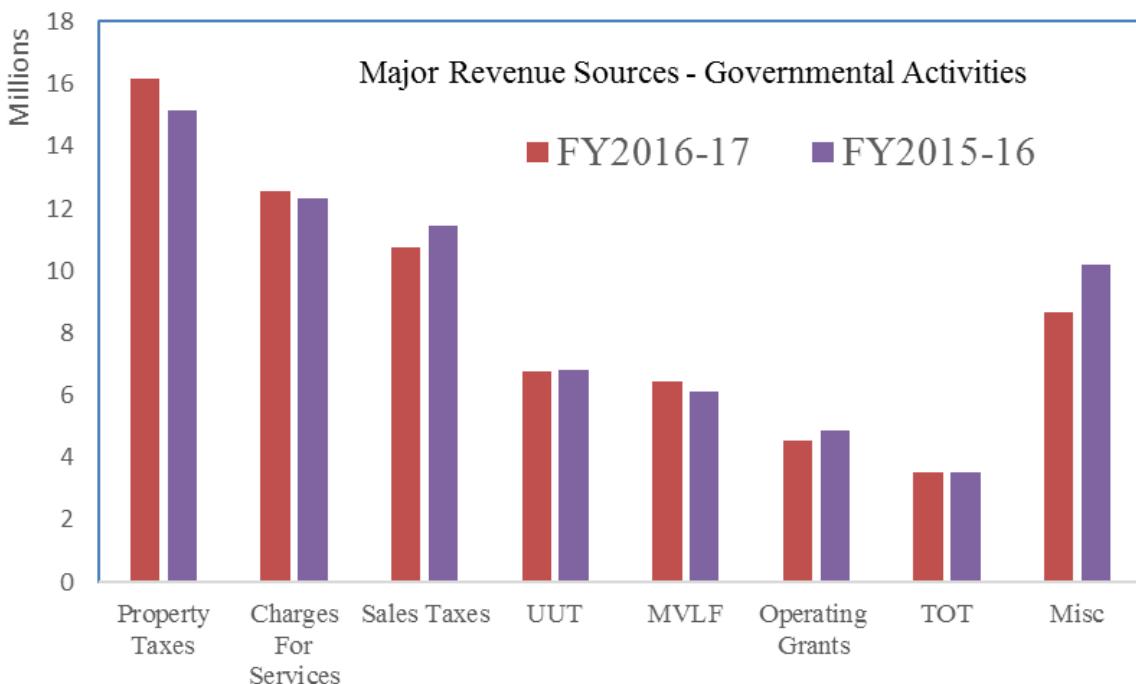
Utility User Tax decreased slightly by 0.6%, due to the overall decline on utility sales. Aside from lower rates, demands of the utilities were also lowered due to the temperate seasonal weather.

- Transient Occupancy Tax was almost flat with a merely 0.3% of increase even though 2016 brought the return of The Breeders' Cup to Arcadia.
- Motor Vehicle License Fees (MVLF) increased by \$0.3 million or 5.3%. MVLF increase was attributable to the legislation passed in FY 2004-05, which tied its growth to the City's annual property tax valuation. The City has benefitted since as many years of generous growth have occurred in the annual property assess valuation.
- Business License Tax decreased slightly by \$22,000, or 1.7%, due to fewer business renewals in the current year.
- Other Taxes category was up by \$0.1 million, or 7.1%, and mostly due to the increase of Pari-mutuel revenues received from Santa Anita Race Track. The 2016 Breeders' Cup World Championships took place in Santa Anita Race Track, which attracted a record two-day crowd of 118,484 spectators and brought in more betting activities.
- Investment Earnings decreased \$0.4 million, or 21.4%. However, this lowered representation is due to an accounting entry requirement of GASB 31, where all investment income, including changes in the fair market value of investments, is reported as revenue in the operating statement. Where you have an instrument that is valued above fair market, you book a premium (adding to revenue) and the opposite (reduce revenue) when that instrument is below fair market.

During the fiscal year, the rising interest rate caused a lowering value of securities held by the City. These securities were purchased when the offered interest rates were lower than recent available investment options. As such, the "fair market value" of securities held by the City is recognized to be less in value; therefore, an accounting entry for this "loss" was booked. The intrinsic value of the investment earning is not lost as the City holds most securities to maturity. When these premium/loss adjustments are taken out of the equation, FY 2016-17 investment earnings was \$1.8 million versus \$1.7 for FY 2015-16.

- Miscellaneous Revenue decreased by \$0.5 million, or 13.3%. The prior year numbers included one-time transactions that did not repeat in the current fiscal year. In the prior fiscal year, there was a transfer from a Trust Fund account, supplementing the purchase a Police Mobile Command Center. This vehicle would be placed anywhere in the City to act as the command post during an emergency or natural disaster to supplement public safety responses. Other factors added to the current year's decrease was due to higher levels of insurance restitution from damages to City properties.

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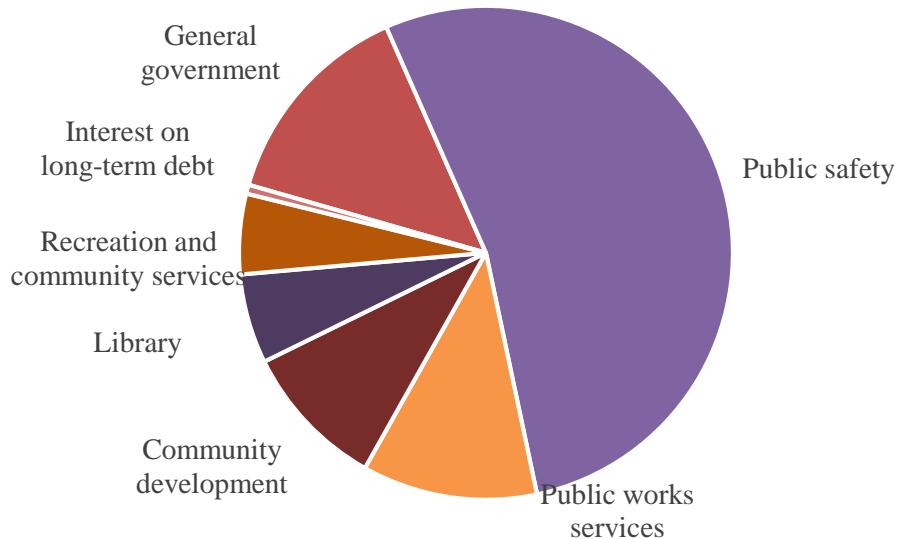
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GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

Expenses for the fiscal year totaled \$68.3 million, a \$4.7 million or 7.4% increase from the prior fiscal year. The increases were mainly due to pension and street maintenance costs. Due to multiple and varying changes in the actuarial assumption by CalPERS, the City's retirement plan administrator, the City's accrued pension expenses and accrued actuarial liability have increased significantly over the past few years. A significant contributor to this year's higher pension expense was the result of the poor investment return in fiscal year 2015-16, where the retirement fund generated only a 0.6% return. Other area where expenditure increase comes from maintenance costs relating to City streets and infrastructure. This year's activities increased with the City completing a number of major street maintenance projects, including the rehabilitation on Duarte Road between Santa Anita and Fifth Avenue, intersection improvement at Baldwin Avenue and Duarte Road, and concrete repair work for a substantial portion of Foothills Boulevard. Moreover, the City also expanded its slurry seal program this year to repair more deficient concrete curbs and gutters.

Expenditures by Department - Governmental Activities



More details on the expenditure changes by department are as follows:

- General Government costs increased by \$2.6 million, or 38.1%, mainly due to the accrued pension expenses as discussed in the above section.
- The cost for Public Safety increased by \$2.2 million, or 6.7%, as the result of personnel cost in salary, overtime and pension benefits as agreed to per the Memorandum of Understanding in effect. Additionally, the police department increased its overtime budget and costs for additional patrol service in response to the high rate burglaries that the City experienced in the year.
- Public Works Services costs decreased by \$0.7 million, or 8.2%, due to lower than expected expenditures relating to professional contract services and fewer major repairs in the vehicle maintenance area.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

- Community Development Services costs increased by \$0.2 million, or 3.6%. The increase is also related to numerous street rehabilitation projects that took place in the fiscal year.
- Library Service and Recreation Service departments both incurred \$0.1 million more operating expenses than the prior year. This was due to the increase in personnel benefit costs that also occurred in all City departments.
- The slight decrease in interest payments on Long-term Debt Service was due to the lower outstanding debt balances.

Business-Type Activities

Business-Type Activities have a total net position of \$66.2 million, of which \$46.0 million or 69.5% 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 the community; consequently, these assets are not available for future spending. The unrestricted net position totaled \$20.2 million, representing 30.5% of total net position.

City of Arcadia Statement of Net Position
Business-type Activities

Business Activities	30-Jun-17	30-Jun-16
Current and other assets	\$28,615,494	\$31,053,199
Capital assets	46,000,669	46,957,250
Total assets	74,616,163	78,010,449
Deferred outflow of resources	2,202,361	662,894
Long-term debt outstanding	8,374,365	7,156,205
Other liabilities	1,574,993	1,469,628
Total liabilities	9,949,358	8,625,833
Deferred inflow of resources	685,916	553,295
Net investment in capital assets	46,000,669	46,957,250
Unrestricted	20,182,581	22,536,965
Total net position	\$66,183,250	\$69,494,215

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Business-Type Activities (Continued)

The net position decreased by \$3.3 million, comprising of \$3.9 million of loss from the Water operation, \$0.6 million of surplus for Sewer, and \$1.2 million of operating loss incurred by the Transit. In spite of higher grossing water sales, it was not sufficient to offset the water operation's cost. The increase in operating cost is due to the cost of replenishment water. Staff implemented a rate structure, effective in January 1, 2016, with the purpose of maintaining long-term financial stability of the City's water operation and ensuring that city residents continues to receive quality water and services. The approved new rate structure includes annual rate increases to calendar year 2020, to help mitigate water operating deficits. City Staff will continue to work toward the financial sustainability of the City's Water operation. 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-17	30-Jun-16
Program revenues:		
Charges for services	\$13,049,633	\$10,850,514
Operating contributions and grants	696,053	768,229
Capital contributions and grants	0	0
General revenues:		
Gain on disposal of assets	12,751	11,835
Investment earnings	138,679	380,861
Total revenues	13,897,116	12,011,439
 Expenses:		
Water utility	14,942,992	12,563,018
Sewer maintenance	1,440,677	1,360,509
Transit system	1,935,418	1,818,171
Total expenses	18,319,087	15,741,698
Increase (Decrease) in Net Position before Transfers	(4,421,971)	(3,730,259)
Transfers	1,111,006	871,261
Increase (Decrease) in net position	(3,310,965)	(2,858,998)
Net position – Beginning of fiscal year	69,494,215	72,353,213
Net position – End of fiscal year	\$66,183,250	\$69,494,215

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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 \$67.9 million vs. \$65.0 million from the prior fiscal year, an increase of \$2.9 million. Approximately \$7.3 million, or 10.8%, 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 \$23.8 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 \$35.9 million are committed for Equipment Replacement, Capital Improvement Projects, and Emergency Reserve, Pension Liability Reserve, and Self-insurance of General Liability and Workers' Compensation. 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 \$0.8 million to \$31.2 million. The decrease in fund balance was mainly due to a \$3.1 million of transfers from General Fund to Capital Outlay Funds to replenish its depleting fund balance and to add to the capital reserve for constructing of a New City Hall. Fiscal year ending revenue was at \$59.0 million and expenditures were at \$57.6 million, which resulted in operating surplus of \$1.5 million. More analysis on its revenue and expenditures are available in the section of General Fund Financial and Budgetary Highlights.
- Parks and Recreation Fund had a net fund balance of \$10.0 million, including the surplus of \$1.7 million from the current year. Park Development fees are collected on new residential development projects and those fees are designated for the use of eligible park projects. City Council has approved a new Recreation and Parks Master Plan in August 2017, which set priorities and determines short term and long-term park and facility improvements and space allocation for youth, adult, and senior recreation programs. The higher priority items included in the master plan are shade over play structures, perimeter walking trails, synthetic turf fields, pickle ball courts, and other park improvements. This fund will be used for those projects and upgrading the City's parks and recreation facilities in accordance to the newly approved Recreation and Parks Master Plan.
- At the end of the fiscal year, the Capital Outlay Fund had a fund balance of \$12.9 million, an increase of \$1.7 million from the prior year. As noted earlier, \$3.1 million was authorized and transferred from General Fund for the purpose of infrastructure improvements, including a buildup of reserve for replacing the aging City Hall. Historically, Pari-mutual revenues received from Santa Anita Race Track provided adequate funding for yearly capital improvement projects. However, this revenue source has been decreasing over the years due to less horse racing interest and the changing format for wagering. As such, annual pari-mutual revenues have not kept up with the demands and cost of capital improvements. Due to shrinking revenue source, City Council has authorized transfers of operating surplus funds from the General Fund to replenish the Capital Outlay Fund.

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FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (Continued)

Governmental Funds (Continued)

- The Non-major Governmental Fund group had an aggregated fund balance of \$13.8 million, an increase of \$0.2 million. Prop A, Lighting District, Solid Waste, PEG, Debt Services and Transportation Impact Funds have all developed a surplus. A higher collection of Transportation Impact fees from the City's mixed-use projects was the reason for the largest fund balance increase within this group, at \$1.1 million. All other funds with decreased fund balances were due to higher spending in the current year than the allocated funding sources. These expenditures were allowed and the deficit will be made up from the upcoming year's funding allocation. Prop C fund and Gas Tax fund have the largest deficits of \$0.4 million and \$0.5 million, respectively.

Governmental Funds	30-Jun-17	30-Jun-16
Revenues:		
Taxes	\$40,258,016	\$39,504,488
Licenses and permits	7,583,907	6,723,286
Fines and forfeitures	634,261	801,161
Use of money and property	1,458,553	1,856,318
Intergovernmental	10,782,388	11,653,593
Charges for services	6,140,231	6,777,300
Other revenues	3,062,448	3,419,455
Total revenues	69,919,804	70,735,601
 Expenditures:		
Current	64,883,256	65,346,426
Debt services	1,013,076	1,021,474
Total expenditures	65,896,332	66,367,900
Excess (deficiency) of revenues over expenditures	4,023,472	4,367,701
Other Financing Sources (uses)	(1,111,006)	(871,261)
Net change in fund balance	2,912,466	3,496,440
Fund balance – Beginning of fiscal year	65,007,229	61,510,789
Fund balance – End of fiscal year	\$67,919,695	\$65,007,229

Revenues of the total Governmental Funds were \$70.0 million with a decrease of \$0.8 million, or 1.2%, from the prior fiscal year. Analysis of Governmental Funds are as follows:

- Taxes increased by \$0.8 million, or 1.9%. Property Tax continues to be the City's largest tax revenue with an increase of \$1.0 million or 6.4%, and largely due to the rising real estate value. Transient Occupancy Tax came in slightly higher with a marginal increase of \$12,000, despite having the 2016 Breeder's Cup Race at the Santa Anita Racetrack. All other major tax revenues declined slightly. The decrease of Sales Tax seems to be from the change in consumer shopping habits as more on-line purchases are occurring. Whereas through the traditional shopping at the store, the City would receive the entire 1% of every dollar in sales tax for the transactions that occurred within the City's jurisdiction versus on-line transaction that generates .074% to the City. Franchise fees had a decline of 1.7% due to the reduction of cable subscription. Utility User Tax also decreased, but at marginal rate of 0.6%.

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FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (Continued)

Governmental Funds (Continued)

- Licenses and Permits increased by \$0.9 million, or 12.8%, primarily due to more than expected mixed use developments in the City.
- Fines and Forfeitures decreased by \$0.2 million, due to lower number of parking violations issued.
- Use of Money and Property decreased by \$0.4 million, mainly due to the fair market value adjustment on the City's invested securities. The City has benefited from the rising interest rate market and earned more investment return, however, the rising interest rate has also resulted in the decline of the security value. The decrease on value is required to be booked as an expenses although it would not be realized until the securities are sold.
- Intergovernmental Revenue decreased by \$0.9 million, or 7.5%, primarily due to the decrease on federal grants. The City received a one-time federal grant in the prior year for the Hugo Reid Safe Routes to School project as mentioned earlier.
- Charges for Services had a decrease of \$0.6 million, or 9.4%, due to lower revenues from Safety and Recreation services. The demand on Fire and Police services, including filming of commercials and strike team for mutual-aid response with wildfires and other nature disaster incidents, was less than the prior year.
- Other Revenues was \$0.4 million less than the prior year, mainly due to a one-time transfer from the trust fund to purchase a command center for Police in the prior year. The transfer was recorded as miscellaneous revenue for General Fund.

The Governmental Funds reported \$65.9 million of expenditures, a decrease of \$0.5 million from the prior fiscal year. Further analysis on the variance is as follows:

- Personnel costs increased by \$1.0 million, or 2.4%. In addition to salary increases bounded by the employment agreements, higher PERS contribution rates and more overtime costs by safety staff have also contributed to the increase. As noted earlier, higher employer contribution rates were a result of CalPERS' actuarial assumption modifications and policy changes in recent years, and more overtime costs was to respond to the growing number of residential burglary incidents and property thefts in the City.
- Operating costs total decreased by \$0.9 million, or 5.2%. The contribution to OPEB trust was reduced by \$0.7 million as the City has only contributed the amount equals to the Annual Required Contribution (ARC) stipulated in the City's last OPEB valuation report, instead of the \$1.4 million in the prior year. The City Council selected to make the initial contribution equivalent to 50% of the PERS reserve fund balance in establishing the trust last year. Other areas of savings include plan check services, electricity, and vehicle maintenance costs. The City's plan check revenue has decreased due to the reduction in residential construction activities, which has also resulted in the savings of outside plan check services fees. On the other hand, the reduction of electricity can largely be attributed to the rate change and the vehicle maintenance cost savings was mainly due to less major repairs required.

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FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (Continued)

Governmental Funds (Continued)

- Capital expenditure decreased by \$0.6 million in comparison to the prior fiscal year. The decrease was due to lower capital project costs that occurred. As Government Funds are reported on modified accrued basis, this group of expenditures includes both costs invested in new capital assets and the maintenance expenses for capital projects. In general, the City incurred higher maintenance and repair costs in comparison to the prior year. Expenditure of new capital assets was less for the same comparison period. In FY 2016-17, the City completed the median turf project on Huntington Drive between Michillinda Avenue through Baldwin Avenue. The project replaced grass and other water dependent plants with drought tolerant plants and water friendly river-rock infiltration streams. Other major equipment upgrades in the current year included the implementation of a Citywide VoIP phone system, which not only enhance the City's phone functionality but also result in cost savings in future years. The City also purchased one fire engine, five police patrol vehicles, and 11 other city vehicles.

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 \$66.2 million and it comprises of \$60.1 million of fund balance in Water Utility Fund, \$6.4 million of fund surplus in Sewer Maintenance Fund, and a \$0.4 million deficit for the Transit System Fund. As it is the City's policy to always transfer sufficient resources from Prop C and Measure R to fund transit operation, the fund balance in the Transit System Fund only comprises of net capital investment and liability balances.

GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS

General Fund is the primary operating fund of the City. The fund balance reported a decrease of \$0.8 million to \$31.2 million at the fiscal year ending June 30, 2017. 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 12.7% of total General Fund expenditures, while total fund balance represents 54.2% 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 \$59.0 million for the fiscal year ending June 30, 2017, which is \$0.4 million, or 0.6%, less than the prior fiscal year's revenue total. Key elements of this decrease are as follows:

- Tax revenue had an increase of \$0.6 million, mainly due to the increase of property tax revenue.
- Development related licenses and fees were lower than the prior year due to the reduction on the residential construction activates.
- The reduction on fines and forfeitures are mainly due to less parking citations.
- The decrease on use of money and property was due to the market value adjustment on the securities held by the City.
- Motor vehicle license fees (MVLF) was the main contributor to the increase in intergovernmental revenue as it is tied to the City property assessed value that rose by 5.27% for fiscal year 2016-17.

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GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS (Continued)

- Charges for services had a decrease due to lower revenues receipts from Safety and Recreation special program services.
- The decrease shown for Other Revenue category was due to a one-time trust fund transfer in the prior year for the purchase of a Police Department Mobile Command Post for use as a command center in the event of a natural disaster and other emergencies where City facilities are not available.

General Fund Revenue	30-Jun-17	30-Jun-16
Taxes	\$37,491,396	\$36,882,562
Licenses and permits	6,030,346	6,387,403
Fines and forfeitures	434,858	572,435
Use of money and property	1,310,176	1,527,839
Intergovernmental	6,673,424	6,390,849
Charges for services	4,276,787	4,548,949
Other revenues	2,825,632	3,086,958
Total revenues	\$59,042,619	\$59,396,995

General Fund expenditures increased by \$0.6 million, or 1.0%, to \$57.6 million. The majority of the increases were in personnel costs. It included salary COLA adjustments in accordance with the City's employment agreements, higher PERS contribution rates, and additional overtime budget and costs in the Police Department to deal with the rising burglary crimes that were trending during in the fiscal year.

The adopted General Fund budget projected revenue of \$59.0 million for the fiscal year ending June 30, 2017. The actual total General Fund revenues were very close to the budget, also at \$59.0 million, with a slightly favorable variance of \$120,000, or 0.2%. Key elements of the budget variance are as follows:

- Tax collection in total was slightly less than budget by 0.2%. The City's property assessed value increased by 5.27%, which is more than the projected growth in the budget. Utility User Tax is another tax revenue that resulted favorably. The growth on all other revenue categories, including Franchise Fees, Sales Tax, and Transient Occupancy Tax, were slightly lower than projected.
- License and Permits was \$0.3 million, or 5.7%, higher than projection. This was due to more than anticipated construction and development activities for commercial and mixed-used projects.
- The collection of parking citations fines were less than expected, which resulted in a \$0.2 million of negative budget variance in the Fines and Forfeitures category.
- Use of money and property has a negative budget variance. Investment earnings improved due to the increase in interest rate, however, the reduction in the market value of held securities has resulted in the lower than expected revenue posting.

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GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS (Continued)

- Intergovernmental revenues, including the Motor Vehicle License Fees, was 0.6% more than budgeted. As the growth on Motor Vehicle License Fees are tied to the property assessed value, the higher than expected growth of property valuations has also resulted in the positive variance for this category.
- Charges for Services had a positive variance of \$0.1 million or 3.3% due to higher than expected reimbursements for safety related services, such as the Fire Department's strike team reimbursement for their mutual-aid response to wildfires and other nature disaster incidents.
- A negative variance of \$0.2 million for Other Revenues was primarily due to less sales revenue for surplusing equipment.

The City's General Fund expenditures were \$3.8 million, or 6.1%, less than the final adopted budget. Key elements of the budget variance are as follows:

- Personnel cost had a significant savings of \$0.9 million because of more than expected employee vacancies and turnovers. The City's vacancy rate was approximately 5%. This is 2% more than the budgetary vacancy rate of 3%.
- The favorable variance of \$1.2 million in the operating expense were mainly attributable to the areas of contract services, electricity costs, and vehicle maintenance expenses. In addition to the costs savings of plan check fees, Development Services will carry most of its special project budget to the following year; including the services for the Citywide design guideline update, and the establishment of a review authority for historical preservation. The savings on vehicle maintenance was due to less than projected major repairs. The positive variance result on electricity costs was due to lower rates and favorable weather conditions.
- There was a favorable variance of \$1.7 million on equipment replacement due to underspending or unfinished projects. However, most of these funds will be carried over to the following year for those unfinished projects.
- With exception to City Attorney and General City budgets, all City departments ended the fiscal year with a positive budget variance. City Attorney office experienced more legal fees in defending lawsuits filed against the City, and unexpected property damages have resulted in higher spending budgeted in the General City budget.

A General Fund Budgetary Comparison Schedule can be found in Required Supplementary Information on page 89 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets as of June 30, 2017, amounted to \$108.8 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.

The largest new capital asset event during the current fiscal year was the median turf removal project on Huntington Drive between Michillinda Avenue through Baldwin Avenue that added drought tolerant plants, decomposed granite and river-rock infiltration streams. There were also City facility improvements, including the installation of two generators for emergencies: one in the Library building and another installed in the Public Work Services yard. Additionally, sewer lines on Huntington Drive between Colorado Place and Centennial Way were replaced with bigger

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pipelines. Under the Equipment Replacement Fund, the City acquired and installed a new City-wide VoIP phone system that will provide cost savings for calls and lower annual maintenance costs. A cutting edge Asset and Permit Tracking Management System was implemented through a collaboration of Public Works Services and Community Development staff to replace the outdated and non-functional programs with a web-based platform. The new management system includes programs for managing work order, City's asset and infrastructure, Building Permitting, Business License, Planning, Code Services, and Engineering modules.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

	Governmental Activities		Business – Type Activities		Total	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
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	1,869,217	920,747	-	49,948	1,869,217	970,695
Total non-depreciable assets	7,607,861	6,659,391	5,794,436	5,844,384	13,402,297	12,503,775
Depreciable assets:						
Buildings and improvements	57,984,213	57,915,090	-	-	57,984,213	57,915,090
Automotive equipment	10,627,728	10,315,944	3,472,481	2,887,309	14,100,209	13,203,253
Furniture and equipment	3,962,020	2,761,289	364,556	350,266	4,326,576	3,111,555
Infrastructure	89,204,786	89,204,786	82,589,212	82,217,787	171,793,998	171,422,573
Total depreciable assets	161,778,747	160,197,109	86,426,249	85,455,362	248,204,996	245,652,471
Less accumulated depreciation:	(106,538,626)	(102,726,583)	(46,220,016)	(44,342,496)	(152,758,642)	(147,069,079)
Total depreciable assets, net	55,240,121	57,470,526	40,206,233	41,112,866	95,446,354	98,583,392
Total capital assets, net	\$62,847,982	\$64,129,917	\$46,000,669	\$46,957,250	\$108,848,651	\$111,087,167

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 65 of this report.

Long-term debt. At the end of the current fiscal year, City of Arcadia had a total outstanding debt of \$158.5 Million, \$19.9 million more than the prior year balance. The increase is primarily due to the growth on Net Pension Liability. In addition to the recent assumption and policy changes by CalPERS.

Citywide	30-Jun-17	30-Jun-16
Claims and judgments payable	\$7,662,227	\$8,227,644
Compensated absences	2,808,545	2,764,255
OPEB obligations	2,008,580	2,050,811
Net pension liability	133,656,038	112,564,461
2011 General Obligation Bonds	6,935,237	7,262,502
2012 General Obligation Bonds	5,463,802	5,743,147
Total	\$158,534,429	\$138,612,820

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CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Both claims and judgments payable and OPEB obligation were based on estimated numbers determined by actuarial calculation. Claims payable for outstanding Workers' Compensation and Liability issues decreased \$0.6 million to \$7.7 million and the other postemployment benefits (OPEB) obligation decreased only slightly and still at \$2.0 million. As noted earlier in our discussion, an OPEB trust was established in 2016 for paying the liability relating to retiree medical benefits exclusively, and it has been the City's intention to keep the OPEB obligation flat by contributing the amount equal to the Annual Required Contribution (ARC) in the future years. 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 67 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 City's FY 2017-18 Revenue Budget reflects modest but continuing improvements to the local economy. Although the General Fund revenues budget of \$62.2 million includes only a merely 0.45% of increase in comparison to the prior year, a 3.6% of growth is still expected with major tax categories. The major drawback on revenue is in Building and Plan check fees, which are expected to decrease significantly due to the projected reduction in both residential and commercial developments. After several years of accelerated growth, the City's construction activities have slowly reduced and are expected to return to the level prior to 2008's recession. On the other hand, total General Fund operating expenditures are estimated to grow 3.5%, majority of the increases are due to personnel costs, bound by employment agreement and mandated pension contribution by the plan administrator, CalPERS, who has made several major policy and actuarial assumption changes in order to ensure future viability of the public pension system.
- The City adopted its FY2017-18 General Fund Operating Budget with a projected \$1.6 million surplus. With direction from City Council, the surplus has been designated as transfers in order to replenish the Equipment Replacement Fund and Capital Outlay Fund.
- 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 major pension reforms previously agreed to by the City's labor groups will have a long-term positive effect on the budget, and increase funding into retirement programs will ensure sustainability, pension costs will continue to increase significantly over the next decade. In order to maintain its long-term financial sustainability, it will be essential for the City to not only continue its history of conservative spending but also to either find substantial new revenue sources or modify its service level to reduce costs.

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

- Postemployment Benefits (OPEB): City's actuarial accrued liability (AAL) was estimated to be \$19.7 million based on the most recent valuation report dated June 30, 2017, which is \$1.7 million more than the valuation prepared two years earlier. The increase could be attributed to additional service costs for participants due to higher mortality rate, increase in number of participants, and change of assumptions based on the plan's experience. Nevertheless, the AAL for the City's OPEB liability are expected to continue to grow. Although the City has established a trust exclusively for paying the liability, continuing funding to the trust is essential to reduce this long term liability and decrease the total benefit costs for the City.

City of Arcadia
Management's Discussion and Analysis
June 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (CONTINUED)

- 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 the transferred amounts to be reduced in the coming years due to the possible slow down in revenue growth. While the needs to replenish City's equipment and maintain its infrastructure may not decrease, the funding sources may be limited and constrained by budget surplus in the future years.
- CalPERS Funding Policy Changes: As indicated earlier, CalPERS 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 in the past few years. Furthermore, CalPERS Board approved lowering discount rate from 7.5% to 7.0% in December of 2016 in order to lower investment risk and to reduce the market volatility that may cause similar losses occurred in 2007-08. Although the reduction of discount rate will be phased-in in 3 years with 5-year ramping, it is expected the estimated pension liability and required contributions from the member cities to increase substantially. The projected increase in the required annual contributions for the City is estimated to be approximately \$1.8 million annually for fiscal years 2018-2023.

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.

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**BASIC
FINANCIAL STATEMENTS**

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Arcadia
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and investments	\$ 66,102,482	\$ 25,751,914	\$ 91,854,396
Accounts receivable	217,999	2,680,076	2,898,075
Interest receivable	186,607	70,388	256,995
Due from other governments	4,367,654	1,179	4,368,833
Prepaid items	71,831	111,937	183,768
Inventories	785,222	-	785,222
Total current assets	<u>71,731,795</u>	<u>28,615,494</u>	<u>100,347,289</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	7,607,861	5,794,436	13,402,297
Depreciable, net	55,240,121	40,206,233	95,446,354
Total capital assets	<u>62,847,982</u>	<u>46,000,669</u>	<u>108,848,651</u>
Total noncurrent assets	<u>62,847,982</u>	<u>46,000,669</u>	<u>108,848,651</u>
Total assets	<u>134,579,777</u>	<u>74,616,163</u>	<u>209,195,940</u>
Deferred outflows of resources:			
Deferred outflows related to net pension liability	<u>30,343,671</u>	<u>2,202,361</u>	<u>32,546,032</u>
Total deferred outflows of resources	<u>30,343,671</u>	<u>2,202,361</u>	<u>32,546,032</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities:			
Accounts payable	2,607,589	1,332,145	3,939,734
Accrued salaries payable	624,087	64,081	688,168
Interest payable	180,352	-	180,352
Unearned revenue	257,376	-	257,376
Deposits	-	61,744	61,744
Retentions payable	34,023	18,980	53,003
Long-term debt - due within one year	4,368,014	98,043	4,466,057
Total current liabilities	<u>8,071,441</u>	<u>1,574,993</u>	<u>9,646,434</u>
Noncurrent liabilities:			
Long-term debt - due in more than one year	<u>145,694,007</u>	<u>8,374,365</u>	<u>154,068,372</u>
Total noncurrent liabilities	<u>145,694,007</u>	<u>8,374,365</u>	<u>154,068,372</u>
Total liabilities	<u>153,765,448</u>	<u>9,949,358</u>	<u>163,714,806</u>
Deferred inflows of resources:			
Deferred inflows related to net pension liability	<u>9,883,103</u>	<u>685,916</u>	<u>10,569,019</u>
Total deferred inflows of resources	<u>9,883,103</u>	<u>685,916</u>	<u>10,569,019</u>
NET POSITION			
Net investment in capital assets	<u>50,448,943</u>	<u>46,000,669</u>	<u>96,449,612</u>
Restricted for:			
Debt service	706,723	-	706,723
Community purposes	12,424,349	-	12,424,349
Public safety	1,058,486	-	1,058,486
Transportation /streets	9,440,319	-	9,440,319
Total restricted	<u>23,629,877</u>	-	<u>23,629,877</u>
Unrestricted	<u>(72,803,923)</u>	<u>20,182,581</u>	<u>(52,621,342)</u>
Total net position	<u>\$ 1,274,897</u>	<u>\$ 66,183,250</u>	<u>\$ 67,458,147</u>

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Program Revenues					Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:						
Governmental activities:						
General government	\$ 9,515,214	\$ 596	\$ 95,898	\$ -	\$ 96,494	
Public safety	36,377,345	3,896,797	336,572	-	4,233,369	
Public works services	7,829,369	363,274	1,109,453	264,204	1,736,931	
Community development	6,542,784	5,406,275	2,843,780	(10,000)	8,240,055	
Library	4,000,700	71,393	-	-	71,393	
Recreation and community services	3,593,171	2,804,010	138,245	-	2,942,255	
Interest on long-term debt	398,133	-	-	-	-	
Total governmental activities	<u>68,256,716</u>	<u>12,542,345</u>	<u>4,523,948</u>	<u>254,204</u>	<u>17,320,497</u>	
Business-type activities:						
Water	14,942,992	10,990,520	-	-	10,990,520	
Sewer	1,440,677	2,046,705	-	-	2,046,705	
Transit	1,935,418	12,408	696,053	-	708,461	
Total business-type activities	<u>18,319,087</u>	<u>13,049,633</u>	<u>696,053</u>	<u>-</u>	<u>13,745,686</u>	
Total primary government	<u>\$ 86,575,803</u>	<u>\$ 25,591,978</u>	<u>\$ 5,220,001</u>	<u>\$ 254,204</u>	<u>\$ 31,066,183</u>	

(Continued)

City of Arcadia
Statement of Activities (Continued)
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary Government:			
Governmental activities:			
General government	\$ (9,418,720)	\$ -	\$ (9,418,720)
Public safety	(32,143,976)	-	(32,143,976)
Public works services	(6,092,438)	-	(6,092,438)
Community development	1,697,271	-	1,697,271
Library	(3,929,307)	-	(3,929,307)
Recreation and community services	(650,916)	-	(650,916)
Interest on long-term debt	(398,133)	-	(398,133)
Total governmental activities	<u>(50,936,219)</u>	<u>-</u>	<u>(50,936,219)</u>
Business-type activities:			
Water	-	(3,952,472)	(3,952,472)
Sewer	-	606,028	606,028
Transit	-	(1,226,957)	(1,226,957)
Total business-type activities	<u>-</u>	<u>(4,573,401)</u>	<u>(4,573,401)</u>
Total primary government	<u>(50,936,219)</u>	<u>(4,573,401)</u>	<u>(55,509,620)</u>
General Revenues:			
Taxes and fees:			
Property taxes	16,150,617	-	16,150,617
Sales taxes	10,766,558	-	10,766,558
Franchise fees	1,000,308	-	1,000,308
Utilities user taxes	6,773,169	-	6,773,169
Transient occupancy taxes	3,543,908	-	3,543,908
Motor vehicle license taxes, unrestricted	6,461,508	-	6,461,508
Non-regulatory business license taxes	1,270,876	-	1,270,876
Other taxes	1,647,136	-	1,647,136
Total taxes and fees	<u>47,614,080</u>	<u>-</u>	<u>47,614,080</u>
Investment earnings	1,458,553	138,679	1,597,232
Gain on disposal of assets	13,587	12,751	26,338
Miscellaneous	3,007,213	-	3,007,213
Transfers	<u>(1,111,006)</u>	<u>1,111,006</u>	<u>-</u>
Total general revenues and transfers	<u>50,982,427</u>	<u>1,262,436</u>	<u>52,244,863</u>
Change in net position	<u>46,208</u>	<u>(3,310,965)</u>	<u>(3,264,757)</u>
Net position - beginning of fiscal year	<u>1,228,689</u>	<u>69,494,215</u>	<u>70,722,904</u>
Net position - end of fiscal year	<u>\$ 1,274,897</u>	<u>\$ 66,183,250</u>	<u>\$ 67,458,147</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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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, 2017

	Major Funds					Nonmajor Governmental Funds	Total Governmental Funds		
	Parks and Recreation		Capital Outlay						
	General								
ASSETS									
Cash and investments	\$ 28,552,600	\$ 9,938,214	\$ 13,619,155	\$ 13,992,513	\$ 66,102,482				
Accounts receivable	199,749	-	-	18,250	217,999				
Interest receivable	90,906	27,316	31,665	36,720	186,607				
Due from other funds	53,111	-	-	-	53,111				
Due from other governments	3,845,726	-	45,571	187,332	4,078,629				
Prepaid items and deposits	60,291	-	11,540	-	71,831				
Inventories	785,222	-	-	-	785,222				
Total assets	\$ 33,587,605	\$ 9,965,530	\$ 13,707,931	\$ 14,234,815	\$ 71,495,881				
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 1,539,457	\$ 2,735	\$ 742,525	\$ 322,872	\$ 2,607,589				
Accrued salaries payable	606,684	-	-	17,403	624,087				
Due to other funds	-	-	-	53,111	53,111				
Unearned revenue	257,376	-	-	-	257,376				
Retentions payable	-	-	32,210	1,813	34,023				
Total liabilities	2,403,517	2,735	774,735	395,199	3,576,186				
Fund Balances:									
Nonspendable	845,513	-	11,540	-	857,053				
Restricted	-	9,962,795	-	13,847,434	23,810,229				
Assigned	23,015,454	-	12,921,656	-	35,937,110				
Unassigned	7,323,121	-	-	(7,818)	7,315,303				
Total fund balances	31,184,088	9,962,795	12,933,196	13,839,616	67,919,695				
Total liabilities and fund balances	\$ 33,587,605	\$ 9,965,530	\$ 13,707,931	\$ 14,234,815	\$ 71,495,881				

City of Arcadia
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2017

Total Fund Balances - Total Governmental Funds	<u>\$ 67,919,695</u>
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Amounts reported for governmental activities in the statement of net position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the governmental funds.

	<u>62,847,982</u>
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Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.

	<u>(180,352)</u>
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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	(4,368,014)
Long-term debt - due in more than one year	<u>(145,694,007)</u>

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows related to net pension liability	30,343,671
Deferred inflows related to net pension liability	<u>(9,883,103)</u>

In governmental funds, revenue is recognized only to the extent that it is "available" meaning it will be collected soon enough after the end of the period to finance expenditures of that period. Receivables for revenues that are earned but unavailable are deferred until the period in which the revenues become available. In the government-wide statements, revenue is recognized when earned, regardless of availability. The amount of unavailable revenues that were deferred in governmental funds, but are recognized in the government-wide statements is:

	<u>289,025</u>
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Net Position of Governmental Activities	<u>\$ 1,274,897</u>
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City of Arcadia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Parks and Recreation	Capital Outlay		
REVENUES:					
Taxes	\$ 37,491,396	\$ -	\$ 698,359	\$ 2,068,261	\$ 40,258,016
Licenses and permits	6,030,346	-	-	1,553,561	7,583,907
Fines and forfeitures	434,858	-	-	199,403	634,261
Use of money and property	1,310,176	42,361	50,825	55,191	1,458,553
Intergovernmental	6,673,424	-	48,353	4,060,611	10,782,388
Charges for services	4,276,787	1,734,923	-	128,521	6,140,231
Other revenues	2,825,632	-	35,000	201,816	3,062,448
Total revenues	59,042,619	1,777,284	832,537	8,267,364	69,919,804
EXPENDITURES:					
Current:					
General government:					
City council	274,724	-	-	-	274,724
City manager	804,420	-	-	-	804,420
City clerk	255,076	-	-	-	255,076
City attorney	584,740	-	-	-	584,740
General city	1,855,081	-	277,916	-	2,132,997
Administrative services	4,286,662	-	-	-	4,286,662
Public safety:					
Police	20,245,999	-	10,656	460,108	20,716,763
Fire	14,752,629	-	20,036	7,818	14,780,483
Public works services	3,652,048	-	1,409,610	2,138,093	7,199,751
Community development	4,268,614	-	44,344	2,361,040	6,673,998
Library	3,608,439	-	211,801	10,000	3,830,240
Recreation and community services	2,982,607	52,455	228,199	80,141	3,343,402
Debt service:					
Principal retirement	-	-	-	565,000	565,000
Interest and fiscal charges	-	-	-	448,076	448,076
Total expenditures	57,571,039	52,455	2,202,562	6,070,276	65,896,332
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	1,471,580	1,724,829	(1,370,025)	2,197,088	4,023,472
OTHER FINANCING SOURCES (USES):					
Transfers in	1,509,438	-	3,100,000	649,574	5,259,012
Transfers out	(3,749,574)	-	-	(2,620,444)	(6,370,018)
Total other financing sources (uses)	(2,240,136)	-	3,100,000	(1,970,870)	(1,111,006)
Net changes in fund balances	(768,556)	1,724,829	1,729,975	226,218	2,912,466
FUND BALANCES:					
Beginning of fiscal year	31,952,644	8,237,966	11,203,221	13,613,398	65,007,229
End of fiscal year	\$ 31,184,088	\$ 9,962,795	\$ 12,933,196	\$ 13,839,616	\$ 67,919,695

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, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 2,912,466
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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	769,266
Public safety	827,802
Public works services	1,123,489
Community development	168,786
Library	82,654
Recreation and community services	6,799
Total	2,978,796

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.

(4,260,731)

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:

(83,892)

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 judgments payable was not reported as an expenditure in the governmental funds. The differences between claims incurred and paid for the period was:

565,417

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:

41,317

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 **565,000**

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

Accrued interest	8,333
Amortization of bond premium	41,610
Total	49,943

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:

(2,625,254)

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.

(96,854)

Change in Net Position of Governmental Activities	\$ 46,208
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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, 2017

	Enterprise Funds			
	Water Utility	Sewer Maintenance	Transit System	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and investments	\$ 23,011,741	\$ 2,614,065	\$ 126,108	\$ 25,751,914
Accounts receivable	2,266,993	413,083	-	2,680,076
Interest receivable	63,225	7,163	-	70,388
Prepaid items	111,937	-	-	111,937
Due from other governments	990	189	-	1,179
Total current assets	<u>25,454,886</u>	<u>3,034,500</u>	<u>126,108</u>	<u>28,615,494</u>
Capital assets:				
Nondepreciable	5,794,436	-	-	5,794,436
Depreciable, net	35,373,408	4,832,825	-	40,206,233
Total capital assets	<u>41,167,844</u>	<u>4,832,825</u>	-	46,000,669
Total assets	<u>66,622,730</u>	<u>7,867,325</u>	<u>126,108</u>	<u>74,616,163</u>
Deferred outflows of resources:				
Deferred outflows related to net pension liability	1,602,928	472,661	126,772	2,202,361
Total deferred outflows of resources	<u>1,602,928</u>	<u>472,661</u>	<u>126,772</u>	<u>2,202,361</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities:				
Accounts payable	1,200,611	8,921	122,613	1,332,145
Retentions payable	17,222	1,758	-	18,980
Accrued salaries payable	48,161	12,425	3,495	64,081
Due to other funds	-	-	-	-
Compensated absences payable - due within one year	98,043	-	-	98,043
Deposits	61,744	-	-	61,744
Total current liabilities	<u>1,425,781</u>	<u>23,104</u>	<u>126,108</u>	<u>1,574,993</u>
Noncurrent liabilities:				
Net pension liabilities	5,938,194	1,751,010	469,636	8,158,840
Net OPEB obligation	190,116	-	-	190,116
Compensated absences payable - due in more than one year	25,409	-	-	25,409
Total noncurrent liabilities	<u>6,153,719</u>	<u>1,751,010</u>	<u>469,636</u>	<u>8,374,365</u>
Total liabilities	<u>7,579,500</u>	<u>1,774,114</u>	<u>595,744</u>	<u>9,949,358</u>
Deferred inflows of resources:				
Deferred inflows related to net pension liability	499,227	147,207	39,482	685,916
Total deferred inflows of resources	<u>499,227</u>	<u>147,207</u>	<u>39,482</u>	<u>685,916</u>
NET POSITION				
Net investment in capital assets	41,167,844	4,832,825	-	46,000,669
Unrestricted	18,979,087	1,585,840	(382,346)	20,182,581
Total net position (deficit)	<u>\$ 60,146,931</u>	<u>\$ 6,418,665</u>	<u>\$ (382,346)</u>	<u>\$ 66,183,250</u>

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, 2017

	Enterprise Funds			
	Water Utility	Sewer Maintenance	Transit System	Total
OPERATING REVENUES:				
Charges for services	\$ 10,914,118	\$ 2,046,705	\$ 12,408	\$ 12,973,231
Other	76,402	-	-	76,402
Total operating revenues	10,990,520	2,046,705	12,408	13,049,633
OPERATING EXPENSES:				
Administration and general	2,911,897	1,104,728	354,094	4,370,719
Power, supplies and pumping	10,171,680	129,977	-	10,301,657
Contract costs	140,780	54,768	1,488,374	1,683,922
Depreciation	1,718,635	151,204	92,950	1,962,789
Total operating expenses	14,942,992	1,440,677	1,935,418	18,319,087
OPERATING INCOME (LOSS)	(3,952,472)	606,028	(1,923,010)	(5,269,454)
NONOPERATING REVENUES (EXPENSES):				
Investment income	125,634	13,045	-	138,679
Federal and state grants	-	-	696,053	696,053
Gain on disposal of capital assets	12,751	-	-	12,751
Total nonoperating revenues (expenses)	138,385	13,045	696,053	847,483
INCOME (LOSS) BEFORE TRANSFERS	(3,814,087)	619,073	(1,226,957)	(4,421,971)
TRANSFERS:				
Transfers in	-	-	1,111,006	1,111,006
Total transfers	-	-	1,111,006	1,111,006
Changes in net position	(3,814,087)	619,073	(115,951)	(3,310,965)
NET POSITION (DEFICIT):				
Beginning of fiscal year	63,961,018	5,799,592	(266,395)	69,494,215
End of fiscal year	\$ 60,146,931	\$ 6,418,665	\$ (382,346)	\$ 66,183,250

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	Enterprise Funds				Total
	Water Utility	Sewer Maintenance	Transit System		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 10,243,698	\$ 1,954,458	\$ 12,408	\$ 12,210,564	
Cash payments to suppliers for goods and services	(10,611,724)	(659,304)	(1,797,173)	(13,068,201)	
Cash payments to employees for services	(2,498,345)	(676,214)	(132,244)	(3,306,803)	
Cash received for other operating activities	76,402	-	-	76,402	
Net cash provided by (used in) operating activities	(2,789,969)	618,940	(1,917,009)	(4,088,038)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash received from other governments	2,342	5	1,128,784	1,131,131	
Due to other funds	-	-	(196,673)	(196,673)	
Transfers in	-	-	1,111,006	1,111,006	
Net cash provided (used) by noncapital financing activities	2,342	5	2,043,117	2,045,464	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of capital assets	62,699	-	-	62,699	
Acquisition of capital assets	(204,244)	(851,912)	-	(1,056,156)	
Net cash provided by (used in) capital and related financing activities	(141,545)	(851,912)	-	(993,457)	
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	121,298	12,329	-	133,627	
Net cash provided by investing activities	121,298	12,329	-	133,627	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	(2,807,874)	(220,638)	126,108	(2,902,404)	
CASH AND CASH EQUIVALENTS - Beginning of fiscal year	25,819,615	2,834,703	-	28,654,318	
CASH AND CASH EQUIVALENTS - End of fiscal year	\$ 23,011,741	\$ 2,614,065	\$ 126,108	\$ 25,751,914	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (3,952,472)	\$ 606,028	\$ (1,923,010)	\$ (5,269,454)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,718,635	151,204	92,950	1,962,789	
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Accounts receivable	(605,687)	(92,247)	-	(697,934)	
Prepaid items	(118)	-	-	(118)	
Accounts payable	281,249	(24,753)	(110,776)	145,720	
Retention payable	12,585	1,758	-	14,343	
Accrued salaries payable	8,082	1,129	824	10,035	
Deposits	(64,733)	-	-	(64,733)	
Net pension liabilities	876,307	277,876	104,493	1,258,676	
Deferred outflow of resources - pension	(1,116,636)	(331,138)	(91,693)	(1,539,467)	
Deferred inflow of resources - pension	93,335	29,083	10,203	132,621	
Net OPEB obligation	(914)	-	-	(914)	
Compensated absences	(39,602)	-	-	(39,602)	
Total adjustments	1,162,503	12,912	6,001	1,181,416	
Net cash provided by (used in) operating activities	\$ (2,789,969)	\$ 618,940	\$ (1,917,009)	\$ (4,088,038)	

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, 2017

	Successor Agency to the Arcadia Redevelopment Agency	Private-Purpose Trust Fund	Agency Fund
ASSETS			
Current assets:			
Cash and investments	\$ 4,284,476	\$ 3,864,828	-
Cash and investments with fiscal agent	2,900,474	-	-
Accounts receivable	-	117,979	-
Interest receivable	12,255	-	-
Due from other governments	15,200	-	-
Total current assets	7,212,405	3,982,807	-
Noncurrent assets:			
Land held for resale	4,770,232	-	-
Total noncurrent assets	4,770,232	-	-
Total assets	11,982,637	\$ 3,982,807	-
LIABILITIES			
Current liabilities:			
Accounts payable	9,778	\$ 151,551	-
Accrued salaries payable	1,043	-	-
Deposits payable	-	3,831,256	-
Interest payable	339,786	-	-
Bonds payable - due within one year	1,533,355	-	-
Total current liabilities	1,883,962	3,982,807	-
Noncurrent liabilities:			
Bonds payable - due in more than one year	17,333,354	-	-
Total noncurrent liabilities	17,333,354	-	-
Total liabilities	19,217,316	\$ 3,982,807	-
NET POSITION (DEFICIT)			
Held in trust	\$ (7,234,679)	-	-

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, 2017

	Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Redevelopment Property Tax Trust Fund	\$ 1,412,633
Use of money and property	<u>197,527</u>
Total additions	<u><u>1,610,160</u></u>
DEDUCTIONS:	
Enforceable obligations	1,179,975
Administration	<u>277,001</u>
Total deductions	<u><u>1,456,976</u></u>
Change in net position	153,184
NET POSITION (DEFICIT):	
Beginning of fiscal year	<u>(7,387,863)</u>
End of fiscal year	<u><u>\$ (7,234,679)</u></u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Arcadia
Notes to the Basic Financial Statements
June 30, 2017

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, 2017

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, 2017

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 non-operating 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, 2017

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, 2017

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 acquisition 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, 2017

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, 2017

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, 2017

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, 2017

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.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2017:

	Government-Wide Statement of Net Position			Fiduciary Fund Statement of Net Position		Total
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position		
Cash and investments	\$ 66,102,482	\$ 25,751,914	\$ 91,854,396	\$ 8,149,304	\$ 100,003,700	
Cash and investments with fiscal agent	-	-	-	2,900,474	2,900,474	
Total cash and investments	\$ 66,102,482	\$ 25,751,914	\$ 91,854,396	\$ 11,049,778	\$ 102,904,174	

The City's cash and investments at June 30, 2017 consists of the following:

Cash and cash equivalents:

Petty cash	\$ 18,956
Demand deposits	1,022,709
Total cash and cash equivalents	1,041,665

Investments:

Local Agency Investment Fund	21,985,780
Certificates of Deposits	3,605,971
U.S. Treasury Notes	12,531,474
U.S. Government Sponsored Enterprise Securities	49,208,801
Commercial paper	3,981,920
Municipal bonds	499,028
Corporate Bonds	7,149,061
Total investments	98,962,035

Cash and investments with fiscal agent:

Money Market Funds	2,900,474
Total cash and investments	\$ 102,904,174

A. Deposits

The carrying amounts of the City's demand deposits were \$1,022,709 at June 30, 2017. Bank balances at that date were \$1,443,894, 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.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

Note 2 – Cash and Investments (Continued)

A. Deposits (Continued)

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.

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 (Corporate Notes/Bonds)	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	\$65 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

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

Note 2 – Cash and Investments (Continued)

B. Investments (Continued)

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, 2017, 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, 2017, the City had \$21,985,780 invested in LAIF, which had invested 2.25% of the pool investment funds in Structured Notes and Asset-Backed Securities.

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, 2017, 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)	\$ 21,985,780	\$ 21,985,780	\$ -	\$ -	\$ -	\$ -
Certificates of deposits	3,605,971	1,450,804	956,703	1,198,464	-	-
U.S. Treasury Notes	12,531,474	-	738,187	11,793,287	-	-
Federal Farm Credit Bank	14,176,088	3,997,610	6,185,778	1,997,820	1,994,880	-
Federal Home Loan Bank	10,180,109	2,994,224	3,959,850	3,226,035	-	-
Federal Home Loan Mortgage Corporation	11,286,146	-	3,729,144	7,557,002	-	-
Federal National Mortgage Association	13,566,458	3,995,770	3,482,636	4,092,552	1,995,500	-
Commercial Paper	3,981,920	3,981,920	-	-	-	-
Municipal Bonds	499,028	-	249,498	249,530	-	-
Corporate Bonds	7,149,061	1,662,384	2,479,416	3,007,261	-	-
Held by Fiscal Agent:						
Money Market Funds	2,900,474	2,900,474	-	-	-	-
Total	<u>\$ 101,862,509</u>	<u>\$ 42,968,966</u>	<u>\$ 21,781,212</u>	<u>\$ 33,121,951</u>	<u>\$ 3,990,380</u>	<u>\$ -</u>

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

Note 2 – Cash and Investments (Continued)

C. Risk Disclosures (Continued)

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, 2017, 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		% of Investments with Interest Rate Risk
	Moody's Credit Rating	S&P's Credit Rating	
Local Agency Investment Fund	Not Rated	Not Rated	22.24%
Certificates of Deposit	Not Rated	Not Rated	3.64%
United States Treasury Notes	Aaa	AA+	12.66%
Federal Farm Credit Bank	Aaa	AA+	14.32%
Federal Home Loan Bank	Aaa	AA+	10.29%
Federal Home Loan Mortgage Corp.	Aaa	AA+	11.40%
Federal National Mortgage Association	Aaa	AA+	13.71%
Commercial Paper	P-1	A-1	4.02%
Municipal Bonds	Aa2	AA	0.50%
Corporate Bonds - Berkshire Hathaway	Aa2	AA	1.01%
Corporate Bonds - Chevron	Aa2	AA-	1.01%
Corporate Bonds - American Honda	A1	A+	0.23%
Corporate Bonds - Toyota Motor	Aa3	AA-	1.01%
Corporate Bonds - Colgate-Palmolive	Aa3	AA-	0.51%
Corporate Bonds - Wells Fargo	A2	A	0.51%
Corporate Bonds - Goldman Sachs	A3	BBB+	0.25%
Corporate Bonds - Pepsico	A1	A+	0.25%
Corporate Bonds - JP Morgan Chase	A3	A-	0.51%
Corporate Bonds - American Express	A2	A-	0.25%
Corporate Bonds - Pfizer	A1	AA	0.24%
Corporate Bonds - Morgan Stanley	A3	BBB+	0.13%
Corporate Bonds - Microsoft	Aaa	AAA	0.24%
Corporate Bonds - Exxon Mobil	Aaa	AA+	0.51%
Corporate Bonds - Apple	Aa1	AA+	0.44%
Corporate Bonds - Home Depot	A2e	A	0.12%
Total			100.00%

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2017.

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, 2017:

Investment by Fair Value Level	Fair Value	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt securities					
Certificates of deposits	\$ 3,605,971	\$ 3,605,971	\$ -	\$ -	-
U.S. Treasury Notes	12,531,474	12,531,474	-	-	-
Federal Farm Credit Bank	14,176,088	14,176,088	-	-	-
Federal Home Loan Bank	10,180,109	10,180,109	-	-	-
Federal Home Loan Mortgage Corporation	11,286,146	11,286,146	-	-	-
Federal National Mortgage Association	13,566,458	13,566,458	-	-	-
Commercial Paper	3,981,920	3,981,920	-	-	-
Municipal Bonds	499,028	499,028	-	-	-
Corporate Bonds	7,149,061	7,149,061	-	-	-
Total Investments Measured at Fair Value	<u>76,976,255</u>	<u>\$ 76,976,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Investments Measured at Amortized Cost					
LAIF	<u>21,985,780</u>				
Total Pooled Investments	<u>\$ 98,962,035</u>				

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

Note 3 – Interfund Transactions

A. Government-Wide Financial Statements

Transfers - At June 30, 2017, the City had the following transfers for the operation of the Transit System Enterprise Fund:

Transfers In	
Transfers Out	Business-Type Activities
Governmental Activities	<u>\$ 1,111,006</u>

B. Fund Financial Statements

Due From/To Other Funds - At June 30, 2017, the City had the following due from/to other funds:

Due from Other Funds	
Due to Other Funds	General Fund
Nonmajor Governmental Funds	<u>\$ 53,111</u>
Total	<u>\$ 53,111</u>

The above interfund balances resulted from temporary reclassifications made at June 30, 2017 to cover cash shortfalls.

Transfers In/Out - At June 30, 2017, 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 Capital Projects Fund	Nonmajor Governmental Funds	Transit System Enterprise		
	-	\$ 3,100,000	\$ 649,574	\$ -		
General Fund	\$ -	\$ 3,100,000	\$ 649,574	\$ -	\$ 3,749,574	
Nonmajor Governmental Funds	<u>1,509,438</u>	-	-	<u>1,111,006</u>	<u>2,620,444</u>	
Total	<u>\$ 1,509,438</u>	<u>\$ 3,100,000</u>	<u>\$ 649,574</u>	<u>\$ 1,111,006</u>	<u>\$ 6,370,018</u>	

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.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2017 is as follows:

	Governmental Activities				Balance June 30, 2017
	Balance July 1, 2016	Additions	Deletions	Transfers	
Nondepreciable assets:					
Land	\$ 5,738,644	\$ -	\$ -	\$ -	\$ 5,738,644
Construction in progress	920,747	1,580,018	(562,425)	(69,123)	1,869,217
Total nondepreciable assets	<u>6,659,391</u>	<u>1,580,018</u>	<u>(562,425)</u>	<u>(69,123)</u>	<u>7,607,861</u>
Depreciable assets:					
Building and improvements	57,915,090	-	-	69,123	57,984,213
Automotive equipment	10,315,944	504,044	(192,260)	-	10,627,728
Furniture and equipment	2,761,289	1,457,159	(256,428)	-	3,962,020
Infrastructure	89,204,786	-	-	-	89,204,786
Total capital assets, being depreciated	<u>160,197,109</u>	<u>1,961,203</u>	<u>(448,688)</u>	<u>69,123</u>	<u>161,778,747</u>
Less accumulated depreciation:					
Building and improvements	(23,168,033)	(1,753,040)	-	-	(24,921,073)
Automobile equipment	(7,473,609)	(812,101)	192,260	-	(8,093,450)
Furniture and equipment	(1,709,056)	(311,202)	256,428	-	(1,763,830)
Infrastructure	(70,375,885)	(1,384,388)	-	-	(71,760,273)
Total accumulated depreciation	<u>(102,726,583)</u>	<u>(4,260,731)</u>	<u>448,688</u>	<u>-</u>	<u>(106,538,626)</u>
Total depreciable assets, net	<u>57,470,526</u>	<u>(2,299,528)</u>	<u>-</u>	<u>69,123</u>	<u>55,240,121</u>
Governmental activities capital assets, net	<u>\$ 64,129,917</u>	<u>\$ (719,510)</u>	<u>\$ (562,425)</u>	<u>\$ -</u>	<u>\$ 62,847,982</u>

Depreciation expense was charged to functions/programs of governmental activities for the fiscal year ended June 30, 2017 as follows:

General government	\$ 252,469
Public safety	1,707,901
Public works services	1,753,107
Community development	37,572
Library	253,114
Recreation and community services	<u>256,568</u>
Total depreciation expense	<u>\$ 4,260,731</u>

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

Note 4 – Capital Assets (Continued)

A. Government-Wide Financial Statements (Continued)

A summary of changes in the capital assets for the business-type activities for the fiscal year ended June 30, 2017 is as follows:

Business-Type Activities				
	Balance			Balance
	July 1, 2016	Additions	Deletions	June 30, 2017
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	5,844,384	-	(49,948)	5,794,436
Depreciable assets:				
Water treatment plant and systems	71,297,531	-	-	71,297,531
Sewer pipes	10,920,256	371,425	-	11,291,681
Automotive equipment	2,887,309	667,235	(82,063)	3,472,481
Furniture and equipment	350,266	17,496	(3,206)	364,556
Total capital assets, being depreciated	85,455,362	1,056,156	(85,269)	86,426,249
Less accumulated depreciation:				
Water treatment plant and systems	(34,666,634)	(1,660,417)	-	(36,327,051)
Sewer pipes	(6,822,302)	(145,961)	-	(6,968,263)
Automobile equipment	(2,640,388)	(143,384)	82,063	(2,701,709)
Furniture and equipment	(213,172)	(13,027)	3,206	(222,993)
Total accumulated depreciation	(44,342,496)	(1,962,789)	85,269	(46,220,016)
Total depreciable assets, net	41,112,866	(906,633)	-	40,206,233
Business-type activities capital assets, net	\$ 46,957,250	\$ (906,633)	\$ (49,948)	\$ 46,000,669

Depreciation expense for business-type activities for the fiscal year ended June 30, 2017 was charged as follows:

Water Utility	\$ 1,718,635
Sewer Maintenance	151,204
Transit System	92,950
Total depreciation expense	\$ 1,962,789

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.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2017 is as follows:

	Balance		Deletions	Balance	Due within		Due in more than One Year
	July 1, 2016	Additions			June 30, 2017	One Year	
2011 General Obligation Bonds	\$ 6,925,000	\$ -	\$ (305,000)	\$ 6,620,000	\$ 320,000	\$ 6,300,000	
2012 General Obligation Bonds	5,450,000	-	(260,000)	5,190,000	270,000		4,920,000
Subtotal	12,375,000	-	(565,000)	11,810,000	590,000		11,220,000
Add deferred amounts:							
Bond premium - 2011 GOB	337,502	-	(22,265)	315,237	22,265		292,972
Bond premium - 2012 GOB	293,147	-	(19,345)	273,802	19,345		254,457
Subtotal	630,649	-	(41,610)	589,039	41,610		547,429
Total bonds payable	13,005,649	-	(606,610)	12,399,039	631,610		11,767,429
Claims and judgments payable	8,227,644	788,703	(1,354,120)	7,662,227	1,962,313		5,699,914
Compensated absences	2,601,201	1,857,983	(1,774,091)	2,685,093	1,774,091		911,002
Net OPEB obligation	1,859,781	1,693,677	(1,734,994)	1,818,464	-		1,818,464
Net pension liabilities	105,664,297	31,676,069	(11,843,168)	125,497,198	-		125,497,198
Total	\$ 131,358,572	\$ 36,016,432	\$ (17,312,983)	\$ 150,062,021	\$ 4,368,014		\$ 145,694,007

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, 2017

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, 2017 totaled \$6,620,000.

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

Year Ending June 30,	Fiscal			Total
	Principal	Interest		
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	385,000	204,745		589,745
2023 - 2027	2,200,000	759,423		2,959,423
2028 - 2032	2,660,000	286,310		2,946,310
TOTAL	\$ 6,620,000	\$ 2,249,583		\$ 8,869,583

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, 2017 totaled \$5,190,000.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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
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	320,000	100,225	420,225	
2023 - 2027	1,740,000	368,519	2,108,519	
2028 - 2032	1,985,000	148,031	2,133,031	
TOTAL	\$ 5,190,000	\$ 1,135,825	\$ 6,325,825	

Claims and Judgments Payable

The amount of claims and judgments payable at June 30, 2017 was \$7,662,227. 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 \$2,685,093.

B. Business-Type Activities

A summary of changes in long-term liabilities for business-type activities for the fiscal year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due within One Year	Due in more than One Year
Compensated absences	\$ 163,054	\$ 101,098	\$ (140,700)	\$ 123,452	\$ 98,043	\$ 25,409
Net OPEB obligation	191,030	83,518	(84,432)	190,116	-	190,116
Net pension liabilities	6,900,164	2,141,371	(882,695)	8,158,840	-	8,158,840
Total long-term debt	\$ 7,254,248	\$ 2,325,987	\$ (1,107,827)	\$ 8,472,408	\$ 98,043	\$ 8,374,365

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 \$123,452 at June 30, 2017.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2017 is as follows:

	Balance			Balance	Due within	Due in more
	July 1, 2016	Additions	Deletions	June 30, 2017	One Year	than One Year
2001A Tax Allocation Bonds	\$ 4,555,000	\$ -	\$ (555,000)	\$ 4,000,000	\$ 585,000	\$ 3,415,000
2010 Tax Allocation Bonds	16,045,000	-	(935,000)	15,110,000	975,000	14,135,000
Subtotal	20,600,000	-	(1,490,000)	19,110,000	1,560,000	17,550,000
Less deferred amounts:						
Bond discount	(269,936)	-	26,645	(243,291)	(26,645)	(216,646)
Total bonds payable	\$ 20,330,064	\$ -	\$ (1,463,355)	\$ 18,866,709	\$ 1,533,355	\$ 17,333,354

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, 2017 was 6.91 (692%)

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 \$787,018 and total net revenues reported by the Successor Agency was \$1,412,633.

The amount of bonds outstanding at June 30, 2017 totaled \$4,000,000 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, 2017

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
2018	\$ 585,000	\$ 204,269	\$ 789,269
2019	615,000	175,019	790,019
2020	645,000	143,500	788,500
2021	680,000	110,444	790,444
2022	720,000	75,594	795,594
2023	755,000	38,693	793,693
TOTAL	\$ 4,000,000	\$ 747,519	\$ 4,747,519

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, 2017 was 2.90 (290%).

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 \$1,874,492 and total net revenues reported by the Successor Agency were \$1,412,633.

The amount of bonds outstanding at June 30, 2017 totaled \$15,110,000 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, 2017

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		
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	1,200,000	656,444		1,856,444
2023 - 2027	9,700,000	1,804,071		11,504,071
TOTAL	\$ 15,110,000	\$ 5,703,650		\$ 20,813,650

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 Attorney	\$ 463,700	\$ 584,740	\$ 121,040
General City	1,829,900	1,855,081	25,181
Nonmajor Governmental Funds:			
Special Revenue Funds:			
Narcotics Seizure:			
Police	257,900	259,752	1,852
AQMD:			
Community development	22,300	22,444	144
Used Oil Grants:			
Public works services	16,000	17,171	1,171
DOC Beverage Grant			
Public works services	38,000	45,574	7,574

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

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2017, 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 2016-2017 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, 2017, the amount of these liabilities was \$7,662,227 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
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
2017	8,227,644	788,703	(1,354,120)	7,662,227

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2017

Note 8 – Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2017, 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%	6.75%
Required employer contribution rates	Total 25.930%. Employee pays 8% of employer cost through cost-sharing	25.930%	25.930%	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%	12.00%
Required employer contribution rates	Total 42.193%. Employee pays 9% of employer cost through cost-sharing	45.963%	45.963%	10.75%

Employees Covered – At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	312	224
Inactive employees entitled to but not yet receiving benefits	331	107
Active employees	186	116
Total	<u>829</u>	<u>447</u>

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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, 2015 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
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.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

Note 8 – Pension Plan (Continued)

B. Net Pension Liability (Continued)

Change of Assumptions – There were no changes of assumptions.

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 the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65 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 (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report 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 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 long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds’ asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal 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, 2017

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	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(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:

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

All other amounts Straight-line amortization over the average expected remaining service lives (EARSL) 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, 2017

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, 2015	\$ 131,534,563	\$ 95,088,047	\$ 36,446,516
Changes during the year:			
Service Cost	2,154,256	-	2,154,256
Interest on the Total Pension Liability	9,896,489	-	9,896,489
Change of Assumptions	-	-	-
Differences between Expected and Actual			
Experience	3,004	-	3,004
Plan to Plan Resource Movement	-	(186)	186
Contribution from the Employer	-	3,252,745	(3,252,745)
Contribution from the Employees	-	1,052,718	(1,052,718)
Net investment income	-	487,596	(487,596)
Benefit Payments	(6,497,665)	(6,497,665)	-
Administrative Expense	-	(57,951)	57,951
Net Changes	5,556,084	(1,762,743)	7,318,827
Balance at June 30, 2016	\$ 137,090,647	\$ 93,325,304	\$ 43,765,343

Public Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	\$	\$	\$
Balance at June 30, 2015	\$ 218,392,728	\$ 142,274,783	\$ 76,117,945
Changes during the year:			
Service Cost	3,814,364	-	3,814,364
Interest on the Total Pension Liability	16,526,033	-	16,526,033
Change of Assumptions	-	-	-
Differences between Expected and Actual			
Experience	1,423,294	-	1,423,294
Plan to Plan Resource Movement	-	186	(186)
Contribution from the Employer	-	6,049,364	(6,049,364)
Contribution from the Employees	-	1,323,542	(1,323,542)
Net investment income	-	704,558	(704,558)
Benefit Payments	(11,393,253)	(11,393,253)	-
Administrative Expense	-	(86,709)	86,709
Net Changes	10,370,438	(3,402,312)	13,772,750
Balance at June 30, 2016	\$ 228,763,166	\$ 138,872,471	\$ 89,890,695

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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	\$ 61,879,173	\$ 121,320,669
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 43,765,343	\$ 89,890,695
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 28,855,937	\$ 64,181,423

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, 2017, the City recognized pension expense of \$3,226,500 and \$9,217,797 for Miscellaneous and Safety plan respectively. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 3,463,216	\$ -	\$ 6,503,996	\$ -
Changes of Assumptions	-	(211,585)	-	(1,772,463)
Differences between Expected and Actual Experiences	1,639	(100,285)	1,680,944	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	8,348,962	(3,367,506)	12,547,275	(5,117,180)
Total	\$ 11,813,817	\$ (3,679,376)	\$ 20,732,215	\$ (6,889,643)

\$9,967,212 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ended	June 30	Miscellaneous		Safety	
		\$ 342,980	\$ 670,102	\$ 653,759	\$ 947,139
	2017	\$ 342,980	\$ 670,102	\$ 653,759	\$ 947,139
	2018	2,337,240	3,717,964	1,337,246	2,003,371
	2019				
	2020				

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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 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 16 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, 2017, the City contributed \$1,488,497 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, 2017

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	\$ 1,685,534	\$ 83,116	\$ 1,768,650
Interest on Beginning Net OPEB Obligation	142,283	7,016	149,299
Adjustment to the Annual Required Contribution	<u>(134,139)</u>	<u>(6,615)</u>	<u>(140,754)</u>
Annual OPEB Cost	1,693,678	83,517	1,777,195
Contributions Made Outside of a Trust	(798,332)	(39,365)	(837,697)
Contributions Made to a Trust	(620,216)	(30,584)	(650,800)
Implicit Subsidy	<u>(316,447)</u>	<u>(14,482)</u>	<u>(330,929)</u>
Change in Net OPEB Obligation	(41,317)	(914)	(42,231)
Net OPEB Obligation, Beginning of Fiscal Year	<u>1,859,781</u>	<u>191,030</u>	<u>2,050,811</u>
Net OPEB Obligation, End of Fiscal Year	<u>\$ 1,818,464</u>	<u>\$ 190,116</u>	<u>\$ 2,008,580</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding two years is as follows:

Fiscal Year	Annual OPEB Cost	Annual Contribution	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 1,579,397	\$ 771,662	48.86%	\$ 2,751,454
6/30/2016	1,462,141	2,162,784	147.92%	2,050,811
6/30/2017	1,777,195	1,819,426	102.38%	2,008,580

Funded Status and Funding Progress

As of June 30, 2017, the most recent actuarial valuation date, the plan was 11 percent funded. The Actuarial Accrued Liability for benefits was \$19,707,399, and the actuarial value of assets was \$2,191,020, resulting in an UAAL of \$17,516,379. The covered payroll (annual payroll of active employees covered by the plan) was \$28,522,212 and the ratio of UAAL to the covered payroll was 61.4%.

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, 2017

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, 2017 actuarial valuation, the entry age normal cost method, level percent of pay was used. The actuarial assumptions include a 7.28% investment rate of return and an annual healthcare cost trend rate of between 5.0% to 8.0%. The actuarial assumption for inflation was 2.75%, and the aggregate payroll increases was 3.0% 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, 2017.

Note 10 – Classification of Fund Balances

At June 30, 2017, fund balances are classified as follows:

	General	Parks and Recreation	Capital Outlay	Nonmajor Governmental Funds	Total
Nonspendable:					
Prepaid items and deposits	\$ 60,291	\$ -	\$ 11,540	\$ -	\$ 71,831
Inventories	<u>785,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>785,222</u>
Total nonspendable	845,513	-	11,540	-	857,053
Restricted:					
Debt service	-	-	-	887,075	887,075
Law enforcement	-	-	-	1,058,486	1,058,486
Transportation / streets	-	-	-	9,440,319	9,440,319
Parks and recreation	-	9,962,795	-	-	9,962,795
Solid waste	-	-	-	1,450,821	1,450,821
Clean air	-	-	-	130,563	130,563
Street lighting	-	-	-	138,023	138,023
Library	-	-	-	1,110	1,110
Cable access	-	-	-	707,827	707,827
Recycling	-	-	-	33,210	33,210
Total restricted	-	9,962,795	-	13,847,434	23,810,229
Assigned:					
Capital improvements	-	-	12,921,656	-	12,921,656
Equipment replacement	7,928,392	-	-	-	7,928,392
Self-insurance	3,239,633	-	-	-	3,239,633
Emergency reserves	10,147,111	-	-	-	10,147,111
PERS fund reserves	1,351,601	-	-	-	1,351,601
Medical/dental fund	348,717	-	-	-	348,717
Total assigned	23,015,454	-	12,921,656	-	35,937,110
Unassigned	7,323,121	-	-	(7,818)	7,315,303
Total	\$ 31,184,088	\$ 9,962,795	\$ 12,933,196	\$ 13,839,616	\$ 67,919,695

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2017

Note 10 – Classification of Fund Balances (Continued)

At June 30, 2017, outstanding encumbrances by major fund are as follows:

Funds	Amount
General Fund	\$ 1,143,646
Parks and Recreation Special Revenue Fund	2,066
Capital Outlay Capital Projects Fund	1,709,428
Nonmajor governmental funds	888,596
Total	\$ 3,743,736

Note 11 – Deficit Fund Balances/Net Position

As of June 30, 2017, deficit fund balances/net position were recorded in the following funds:

Major Proprietary Fund:	
Transit System Fund	\$ 382,346
Nonmajor Special Revenue Fund:	
Homeland Security Fund	7,818
Fiduciary Fund:	
Successor Agency to the Arcadia Redevelopment	
Agency Private-Purpose Trust Fund	7,234,679

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, 2017

Note 13 – Subsequent Events

A. Future Accounting Pronouncements

GASB Statements Nos. 75 and 81-87 listed below will be implemented in future financial statements:

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. 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 June 15, 2017.
Statement No. 83	"Certain Asset Retirement Obligations"	The provision of this statement is effective for fiscal years beginning after June 15, 2018.
Statement No. 84	"Fiduciary Activities"	The provision of this statement is effective for fiscal years beginning after December 15, 2018.
Statement No. 85	"Omnibus 2017"	The provision of this statement is effective for fiscal years beginning after June 15, 2017.
Statement No. 86	"Certain Debt Extinguishment Issues"	The provision of this statement is effective for fiscal years beginning after June 15, 2017.
Statement No. 87	"Leases"	The provision of this statement is effective for fiscal years beginning after December 15, 2019.

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REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

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City of Arcadia
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2017

Budgetary Comparison Schedule, General Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 37,402,000	\$ 37,402,000	\$ 37,491,396	\$ 89,396
Licenses and permits	5,705,500	5,705,500	6,030,346	324,846
Fines and forfeitures	609,500	609,500	434,858	(174,642)
Use of money and property	1,424,000	1,424,000	1,310,176	(113,824)
Intergovernmental	6,633,100	6,633,100	6,673,424	40,324
Charges for services	4,119,100	4,139,100	4,276,787	137,687
Other revenues	3,009,100	3,009,100	2,825,632	(183,468)
Total revenues	58,902,300	58,922,300	59,042,619	120,319
EXPENDITURES:				
Current:				
General government:				
City council	304,300	304,300	274,724	29,576
City manager	851,800	853,400	804,420	48,980
City clerk	276,500	276,500	255,076	21,424
City attorney	463,700	463,700	584,740	(121,040)
General city	1,772,400	1,829,900	1,855,081	(25,181)
Administrative services	4,218,200	4,934,188	4,286,662	647,526
Public safety:				
Police	20,637,500	21,247,672	20,245,999	1,001,673
Fire	15,003,100	15,084,468	14,752,629	331,839
Public works services	4,192,500	4,436,101	3,652,048	784,053
Community development	4,769,500	4,954,650	4,268,614	686,036
Library	3,799,800	3,837,162	3,608,439	228,723
Recreation and community services	3,105,400	3,105,400	2,982,607	122,793
Total expenditures	59,394,700	61,327,441	57,571,039	3,756,402
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(492,400)	(2,405,141)	1,471,580	3,876,721
OTHER FINANCING SOURCES (USES):				
Transfers in	1,627,700	1,627,700	1,509,438	(118,262)
Transfers out	(3,221,000)	(3,221,000)	(3,749,574)	(528,574)
Total other financing sources (uses)	(1,593,300)	(1,593,300)	(2,240,136)	(646,836)
Net changes in fund balance	\$ (2,085,700)	\$ (3,998,441)	(768,556)	\$ 3,229,885
FUND BALANCE:				
Beginning of fiscal year			<u>31,952,644</u>	
End of fiscal year			<u>\$ 31,184,088</u>	

See accompanying Notes to the Required Supplementary Information.

City of Arcadia
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2017

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	\$ 39,300	\$ 39,300	\$ 42,361	\$ 3,061
Charges for services	1,800,000	1,800,000	1,734,923	(65,077)
Total revenues	1,839,300	1,839,300	1,777,284	(62,016)
EXPENDITURES:				
Current:				
Recreation and community services	21,000	54,271	52,455	1,816
Total expenditures	21,000	54,271	52,455	1,816
Net change in fund balance	\$ 1,818,300	\$ 1,785,029	1,724,829	\$ (60,200)
FUND BALANCE:				
Beginning of fiscal year			8,237,966	
End of fiscal year			\$ 9,962,795	

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2017

A. General Budget Policies

All governmental funds have legally adopted budgets. Budgets are developed in accordance with U.S. GAAP. The City Council approves each fiscal 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 fiscal 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 fiscal year-end represent the estimated amount of the expenditure ultimately to result if unperformed contracts in-process at fiscal 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, 2017

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

Schedule of Changes in the Net Pension Liability and Related Ratios

Employer Fiscal Year	Miscellaneous Plan	Public Safety	Miscellaneous Plan	Public Safety
	2017	2017	2016	2016
Measurement Period	2015-16 ¹	2015-16 ¹	2014-15 ¹	2014-15 ¹
Total Pension Liability				
Service Cost	\$ 2,154,256	\$ 3,814,364	\$ 2,219,359	\$ 3,763,633
Interest on the Total Pension Liability	9,896,489	16,526,033	9,503,789	15,776,405
Changes of Assumptions	-	-	(2,327,431)	(3,988,041)
Difference between Expected and Actual Experience	3,004	1,423,294	(1,103,125)	1,494,687
Benefit Payments, including Refunds of Employee Contributions	(6,497,665)	(11,393,253)	(6,622,897)	(10,986,006)
Net Change in Total Pension Liability	5,556,084	10,370,438	1,669,695	6,060,678
Total Pension Liability - Beginning	131,534,563	\$ 218,392,728	129,864,868	212,332,050
Total Pension Liability - Ending (a)	\$ 137,090,647	\$ 228,763,166	\$ 131,534,563	\$ 218,392,728
Plan Fiduciary Net Position				
Contribution from the Employer	\$ 3,252,745	\$ 6,049,364	\$ 3,005,140	\$ 5,537,175
Contribution from the Employees	1,052,718	1,323,542	1,041,598	1,299,531
Net investment income	487,596	704,558	2,193,768	3,239,139
Benefit Payments	(6,497,665)	(11,393,253)	(6,622,897)	(10,986,006)
Plan to Plan Resource Movement	(186)	186	(420)	(23,206)
Administrative Expense	(57,951)	(86,709)	(107,014)	(160,137)
Net Change in Plan Fiduciary Net Position	(1,762,743)	(3,402,312)	(489,825)	(1,093,504)
Plan Fiduciary Net Position - Beginning	95,088,047	142,274,783	95,577,872	143,368,287
Plan Fiduciary Net Position - Ending (b)	\$ 93,325,304	\$ 138,872,471	\$ 95,088,047	\$ 142,274,783
Net Pension Liability - Ending (a)-(b)	\$ 43,765,343	\$ 89,890,695	\$ 36,446,516	\$ 76,117,945
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.08%	60.71%	72.29%	65.15%
Covered - Employee Payroll	\$ 13,185,552	\$ 14,384,057	\$ 13,353,541	\$ 14,161,240
Net Pension Liability as Percentage of Covered-Employee Payroll	331.92%	624.93%	272.94%	537.51%

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, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 discount rate.

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

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2017

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

Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)

Employer Fiscal Year	Miscellaneous Plan		Public Safety	
	2015		2015	
Measurement Period		2013-14 ¹		2013-14 ¹
Total Pension Liability				
Service Cost	\$ 2,248,238		\$ 3,861,700	
Interest on the Total Pension Liability	9,195,374		15,027,164	
Changes of Assumptions	-		-	
Difference between Expected and Actual Experience	-		-	
Benefit Payments, including Refunds of Employee Contributions	(6,119,226)		(9,976,294)	
Net Change in Total Pension Liability	5,324,386		8,912,570	
Total Pension Liability - Beginning	124,540,482		203,419,480	
Total Pension Liability - Ending (a)	<u>\$ 129,864,868</u>		<u>\$ 212,332,050</u>	

Plan Fiduciary Net Position			
Contribution from the Employer	\$ 2,723,852	\$ 5,003,393	
Contribution from the Employees	1,050,853	1,500,951	
Net investment income	14,566,912	22,017,842	
Benefit Payments	(6,119,226)	(9,976,294)	
Plan to Plan Resource Movement	-	-	
Administrative Expense	-	-	
Net Change in Plan Fiduciary Net Position	12,222,391	18,545,892	
Plan Fiduciary Net Position - Beginning	83,355,481	124,822,395	
Plan Fiduciary Net Position - Ending (b)	<u>\$ 95,577,872</u>	<u>\$ 143,368,287</u>	

Net Pension Liability - Ending (a)-(b) \$ 34,286,996 \$ 68,963,763

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability 73.60% 67.52%

Covered - Employee Payroll \$ 12,766,824 \$ 14,011,974

Net Pension Liability as Percentage of Covered-Employee Payroll 268.56% 492.18%

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2017

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

Schedule of Contributions¹

	Miscellaneous Plan		
	2017	2016	2015
Employer Fiscal Year End	\$ 2,844,396	\$ 3,252,745	\$ 3,005,140
Actuarially Determined Contribution	(2,844,396)	(3,252,745)	(3,005,140)
Contributions in Relation to the Actuarially Determined Contribution	\$ -	\$ -	\$ -
Contribution Deficiency (Excess)	\$ 13,511,142	\$ 13,185,552	\$ 13,353,541
Covered-Employee Payroll			
Contributions as a Percentage of Covered-Employee Payroll	21.05%	24.67%	22.50%

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

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2014 public agency valuations.

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate (net of administrative expenses)	7.50%
Salary Growth	Annual increase vary by category, entry age, and duration of service. (3.2% to 12.2%)
Overall Payroll Growth	3.00 percent compounded annually
Inflation	2.75 percent compounded annually

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

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2017

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

Schedule of Contributions¹

	Public Safety Plan		
	2017	2016	2015
Employer Fiscal Year End	\$ 5,889,014	\$ 6,049,364	\$ 5,537,175
Actuarially Determined Contribution	(5,889,014)	(6,049,364)	(5,537,175)
Contributions in Relation to the Actuarially Determined Contribution	\$ -	\$ -	\$ -
Contribution Deficiency (Excess)	\$ 15,011,070	\$ 14,384,057	\$ 14,161,240
Covered-Employee Payroll			
Contributions as a Percentage of Covered-Employee Payroll	39.23%	42.06%	39.10%

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

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2014 public agency valuations.

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate (net of administrative expenses)	7.50%
Salary Growth	Annual increase vary by category, entry age, and duration of service. (3.4% to 20.0%)
Overall Payroll Growth	3.00 percent compounded annually
Inflation	2.75 percent compounded annually

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

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2017

Schedule of Funding Progress – Postemployment Health Care Benefits

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age 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%
6/30/2017	2,191,020	19,707,399	17,516,379	11.1%	28,522,212	61.41%

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)

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.

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, 2017

	Special Revenue				
	Narcotics Seizure	COPS SLESF	OTS Grant	Traffic Safety	Solid Waste
ASSETS					
Cash and investments	\$ 336,390	\$ 259,354	\$ -	\$ 7,826	\$ 1,390,832
Accounts receivable	8,191	-	-	-	10,059
Interest receivable	-	713	-	-	3,807
Due from other governments	-	-	8,147	5,278	54,645
Total assets	\$ 344,581	\$ 260,067	\$ 8,147	\$ 13,104	\$ 1,459,343
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 402	\$ 53	\$ -	\$ 13,104	\$ 4,710
Accrued salaries payable	2,052	2,246	-	-	3,812
Due to other funds	-	-	8,147	-	-
Retentions payable	-	-	-	-	-
Total liabilities	2,454	2,299	8,147	13,104	8,522
Fund Balances:					
Restricted	342,127	257,768	-	-	1,450,821
Unassigned	-	-	-	-	-
Total fund balances	342,127	257,768	-	-	1,450,821
Total liabilities and fund balances	\$ 344,581	\$ 260,067	\$ 8,147	\$ 13,104	\$ 1,459,343

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2017

	Special Revenue				
	AQMD	CDBG	Prop A Transit	Transportation Impact	State and County Gas Tax
ASSETS					
Cash and investments	\$ 111,814	\$ 1	\$ 1,307,406	\$ 3,056,743	\$ 215,065
Accounts receivable	-	-	-	-	-
Interest receivable	308	-	3,802	8,406	395
Due from other governments	18,519	49,400	-	-	-
Total assets	\$ 130,641	\$ 49,401	\$ 1,311,208	\$ 3,065,149	\$ 215,460
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 78	\$ 11,774	\$ -	\$ 15,704	\$ -
Accrued salaries payable	-	481	2,595	-	-
Due to other funds	-	37,146	-	-	-
Retentions payable	-	-	-	1,813	-
Total liabilities	78	49,401	2,595	17,517	-
Fund Balances:					
Restricted	130,563	-	1,308,613	3,047,632	215,460
Unassigned	-	-	-	-	-
Total fund balances	130,563	-	1,308,613	3,047,632	215,460
Total liabilities and fund balances	\$ 130,641	\$ 49,401	\$ 1,311,208	\$ 3,065,149	\$ 215,460

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2017

	Special Revenue					Santa Anita	
	Lighting		IRS		Grade		
	Measure R	Maintenance	Prop C	Task Force			
ASSETS							
Cash and investments	\$ 1,936,096	\$ 179,209	\$ 1,313,188	\$ 458,591	\$ 1,826,270		
Accounts receivable	-	-	-	-	-	-	
Interest receivable	5,463	690	3,734	-	-	5,028	
Due from other governments	-	9,847	-	-	-	-	
Total assets	\$ 1,941,559	\$ 189,746	\$ 1,316,922	\$ 458,591	\$ 1,831,298		
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 163,354	\$ 47,812	\$ 55,505	\$ -	\$ -	-	
Accrued salaries payable	940	3,911	1,366	-	-	-	
Due to other funds	-	-	-	-	-	-	
Retentions payable	-	-	-	-	-	-	
Total liabilities	164,294	51,723	56,871	-	-	-	
Fund Balances:							
Restricted	1,777,265	138,023	1,260,051	458,591	1,831,298		
Unassigned	-	-	-	-	-	-	
Total fund balances	1,777,265	138,023	1,260,051	458,591	1,831,298		
Total liabilities and fund balances	\$ 1,941,559	\$ 189,746	\$ 1,316,922	\$ 458,591	\$ 1,831,298		

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2017

	Special Revenue				
	Library		PEG		
	Homeland Security	State Grant	Access Television	Used Oil Grant	DOC Beverage Grant
ASSETS					
Cash and investments	\$ -	\$ 1,110	\$ 689,790	\$ 24,945	\$ 18,074
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	1,897	69	50
Due from other governments	-	-	16,140	-	-
Total assets	\$ -	\$ 1,110	\$ 707,827	\$ 25,014	\$ 18,124
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 9,928	\$ -
Accrued salaries payable	-	-	-	-	-
Due to other funds	7,818	-	-	-	-
Retentions payable	-	-	-	-	-
Total liabilities	7,818	-	-	9,928	-
Fund Balances:					
Restricted	-	1,110	707,827	15,086	18,124
Unassigned	(7,818)	-	-	-	-
Total fund balances	(7,818)	1,110	707,827	15,086	18,124
Total liabilities and fund balances	\$ -	\$ 1,110	\$ 707,827	\$ 25,014	\$ 18,124

(Continued)

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City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2017

	Debt Service	Total	
	General	Nonmajor	
	Obligation	Governmental	
	Bonds	Funds	
ASSETS			
Cash and investments	\$ 859,809	\$ 13,992,513	
Accounts receivable	-	18,250	
Interest receivable	2,358	36,720	
Due from other governments	25,356	187,332	
Total assets	\$ 887,523	\$ 14,234,815	
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 448	\$ 322,872	
Accrued salaries payable	-	17,403	
Due to other funds	-	53,111	
Retentions payable	-	1,813	
Total liabilities	448	395,199	
Fund Balances:			
Restricted	887,075	13,847,434	
Unassigned	-	(7,818)	
Total fund balances	887,075	13,839,616	
Total liabilities and fund balances	\$ 887,523	\$ 14,234,815	

(Concluded)

City of Arcadia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017

	Special Revenue				
	Narcotics Seizure	COPS SLESF	OTS Grant	Traffic Safety	Solid Waste
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 484,101
Licenses and permits	- -	- -	- -	- -	- -
Fines and forfeitures	- -	- -	- -	199,403	- -
Use of money and property	579	1,260	- -	- -	6,076
Intergovernmental	- -	- -	61,374	- -	- -
Charges for services	- -	- -	- -	- -	110,321
Other revenues	72,012	129,324	- -	- -	480
Total revenues	72,591	130,584	61,374	199,403	600,978
EXPENDITURES:					
Current:					
Public safety:					
Police	259,752	138,982	61,374	- -	- -
Fire	- -	- -	- -	- -	- -
Public works services	- -	- -	- -	- -	361,766
Community development	- -	- -	- -	- -	- -
Library	- -	- -	- -	- -	- -
Recreation and community services	- -	- -	- -	- -	- -
Debt service:					
Principal retirement	- -	- -	- -	- -	- -
Interest and fiscal charges	- -	- -	- -	- -	- -
Total expenditures	259,752	138,982	61,374	- -	361,766
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(187,161)	(8,398)	- -	199,403	239,212
OTHER FINANCING SOURCES (USES):					
Transfers in	- -	- -	- -	- -	- -
Transfers out	- -	- -	- -	(199,403)	(110,321)
Total other financing sources (uses)	- -	- -	- -	(199,403)	(110,321)
Net changes in fund balances	(187,161)	(8,398)	- -	- -	128,891
FUND BALANCES (DEFICIT):					
Beginning of fiscal year	529,288	266,166	- -	- -	1,321,930
End of fiscal year	\$ 342,127	\$ 257,768	\$ - -	\$ - -	\$ 1,450,821

(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, 2017

	Special Revenue				
	AQMD	CDBG	Prop A Transit	Transportation Impact	State and County Gas Tax
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	- -	- -	- -	1,553,561	- -
Fines and forfeitures	- -	- -	- -	- -	- -
Use of money and property	329 -	- -	5,655	12,414	552
Intergovernmental	72,853	234,344	1,053,986	- -	1,078,504
Charges for services	- -	18,200	- -	- -	- -
Other revenues	- -	- -	- -	- -	- -
Total revenues	73,182	252,544	1,059,641	1,565,975	1,079,056
EXPENDITURES:					
Current:					
Public safety:					
Police	- -	- -	- -	- -	- -
Fire	- -	- -	- -	- -	- -
Public works services	126,291	- -	102,851	- -	401,816
Community development	22,444	188,340	130,708	496,230	613
Library	- -	- -	- -	- -	- -
Recreation and community services	- -	64,204	15,937	- -	- -
Debt service:					
Principal retirement	- -	- -	- -	- -	- -
Interest and fiscal charges	- -	- -	- -	- -	- -
Total expenditures	148,735	252,544	249,496	496,230	402,429
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(75,553)	- -	810,145	1,069,745	676,627
OTHER FINANCING SOURCES (USES):					
Transfers in	- -	- -	- -	- -	- -
Transfers out	- -	- -	(666,607)	- -	(1,199,714)
Total other financing sources (uses)	- -	- -	(666,607)	- -	(1,199,714)
Net changes in fund balances	(75,553)	- -	143,538	1,069,745	(523,087)
FUND BALANCES (DEFICIT):					
Beginning of fiscal year	206,116	- -	1,165,075	1,977,887	738,547
End of fiscal year	\$ 130,563	\$ - -	\$ 1,308,613	\$ 3,047,632	\$ 215,460

(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, 2017

	Special Revenue				
	Measure R	Lighting Maintenance	Prop C	IRS Task Force	Santa Anita Grade Separation
REVENUES:					
Taxes	\$ -	\$ 464,676	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	8,569	585	6,261	633	8,270
Intergovernmental	655,848	-	872,753	-	-
Charges for services	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	664,417	465,261	879,014	633	8,270
EXPENDITURES:					
Current:					
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works services	-	1,082,624	-	-	-
Community development	227,069	-	1,277,467	-	18,169
Library	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	227,069	1,082,624	1,277,467	-	18,169
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	437,348	(617,363)	(398,453)	633	(9,899)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	649,574	-	-	-
Transfers out	(444,399)	-	-	-	-
Total other financing sources (uses)	(444,399)	649,574	-	-	-
Net changes in fund balances	(7,051)	32,211	(398,453)	633	(9,899)
FUND BALANCES (DEFICIT):					
Beginning of fiscal year	1,784,316	105,812	1,658,504	457,958	1,841,197
End of fiscal year	\$ 1,777,265	\$ 138,023	\$ 1,260,051	\$ 458,591	\$ 1,831,298

(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, 2017

	Special Revenue				
	Library		PEG		
	Homeland Security	State Grant	Access Television	Used Oil Grant	DOC Beverage Grant
REVENUES:					
Taxes	\$ -	\$ -	\$ 73,615	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	74	3,037	112	180
Intergovernmental	-	-	-	16,070	14,879
Charges for services	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	-	74	76,652	16,182	15,059
EXPENDITURES:					
Current:					
Public safety:					
Police	-	-	-	-	-
Fire	7,818	-	-	-	-
Public works services	-	-	-	17,171	45,574
Community development	-	-	-	-	-
Library	-	10,000	-	-	-
Recreation and community services	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	7,818	10,000	-	17,171	45,574
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,818)	(9,926)	76,652	(989)	(30,515)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net changes in fund balances	(7,818)	(9,926)	76,652	(989)	(30,515)
FUND BALANCES (DEFICIT):					
Beginning of fiscal year	-	11,036	631,175	16,075	48,639
End of fiscal year	<u>\$ (7,818)</u>	<u>\$ 1,110</u>	<u>\$ 707,827</u>	<u>\$ 15,086</u>	<u>\$ 18,124</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, 2017

	Debt Service	Total
	General	Nonmajor
	Obligation	Governmental
	Bonds	Funds
REVENUES:		
Taxes	\$ 1,045,869	\$ 2,068,261
Licenses and permits	-	1,553,561
Fines and forfeitures	-	199,403
Use of money and property	605	55,191
Intergovernmental	-	4,060,611
Charges for services	-	128,521
Other revenues	-	201,816
Total revenues	1,046,474	8,267,364
EXPENDITURES:		
Current:		
Public safety:		
Police	-	460,108
Fire	-	7,818
Public works services	-	2,138,093
Community development	-	2,361,040
Library	-	10,000
Recreation and community services	-	80,141
Debt service:		
Principal retirement	565,000	565,000
Interest and fiscal charges	448,076	448,076
Total expenditures	1,013,076	6,070,276
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	33,398	2,197,088
OTHER FINANCING SOURCES (USES):		
Transfers in	-	649,574
Transfers out	-	(2,620,444)
Total other financing sources (uses)	-	(1,970,870)
Net changes in fund balances	33,398	226,218
FUND BALANCES (DEFICIT):		
Beginning of fiscal year	853,677	13,613,398
End of fiscal year	<u>\$ 887,075</u>	<u>\$ 13,839,616</u>

(Concluded)

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Narcotics Seizure Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,000	\$ 1,000	\$ 579	\$ (421)
Other revenues	40,000	40,000	72,012	32,012
Total revenues	41,000	41,000	72,591	31,591
EXPENDITURES:				
Current:				
Public safety:				
Police	193,400	257,900	259,752	(1,852)
Total expenditures	193,400	257,900	259,752	(1,852)
Net change in fund balance	\$ (152,400)	\$ (216,900)	(187,161)	\$ 29,739
FUND BALANCE:				
Beginning of fiscal year			529,288	
End of fiscal year			\$ 342,127	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
COPS SLESF Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,300	\$ 1,300	\$ 1,260	\$ (40)
Other revenues	100,000	100,000	129,324	29,324
Total revenues	101,300	101,300	130,584	29,284
EXPENDITURES:				
Current:				
Public safety:				
Police	143,100	143,100	138,982	4,118
Total expenditures	143,100	143,100	138,982	4,118
Net change in fund balance	\$ (41,800)	\$ (41,800)	(8,398)	\$ 33,402
FUND BALANCE:				
Beginning of fiscal year			266,166	
End of fiscal year			\$ 257,768	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
OTS Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 137,200	\$ 137,200	\$ 61,374	\$ (75,826)
Total revenues	137,200	137,200	61,374	(75,826)
EXPENDITURES:				
Current:				
Public safety:				
Police	137,200	137,200	61,374	75,826
Total expenditures	137,200	137,200	61,374	75,826
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE:				
Beginning of fiscal year				-
End of fiscal year			\$ -	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Safety Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 240,000	\$ 240,000	\$ 199,403	\$ (40,597)
Total revenues	240,000	240,000	199,403	(40,597)
OTHER FINANCING SOURCES (USES):				
Transfers out	(240,000)	(240,000)	(199,403)	40,597
Total other financing sources (uses)	(240,000)	(240,000)	(199,403)	40,597
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE:				
Beginning of fiscal year				-
End of fiscal year			\$ -	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Solid Waste Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 380,200	\$ 380,200	\$ 484,101	\$ 103,901
Use of money and property	6,200	6,200	6,076	(124)
Charges for services	116,200	116,200	110,321	(5,879)
Other revenues	-	-	480	480
Total revenues	502,600	502,600	600,978	98,378
EXPENDITURES:				
Current:				
Public works services	377,600	377,600	361,766	15,834
Total expenditures	377,600	377,600	361,766	15,834
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	125,000	125,000	239,212	114,212
OTHER FINANCING SOURCES (USES):				
Transfers out	(116,200)	(116,200)	(110,321)	5,879
Total other financing sources (uses)	(116,200)	(116,200)	(110,321)	5,879
Net change in fund balance	\$ 8,800	\$ 8,800	128,891	\$ 120,091
FUND BALANCE:				
Beginning of fiscal year			1,321,930	
End of fiscal year			\$ 1,450,821	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
AQMD Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 600	\$ 600	\$ 329	\$ (271)
Intergovernmental	<u>72,400</u>	<u>72,400</u>	<u>72,853</u>	<u>453</u>
Total revenues	<u>73,000</u>	<u>73,000</u>	<u>73,182</u>	<u>182</u>
EXPENDITURES:				
Current:				
Public works services	111,200	241,200	126,291	114,909
Community development	<u>22,300</u>	<u>22,300</u>	<u>22,444</u>	<u>(144)</u>
Total expenditures	<u>133,500</u>	<u>263,500</u>	<u>148,735</u>	<u>114,765</u>
Net change in fund balance	<u>\$ (60,500)</u>	<u>\$ (190,500)</u>	<u>(75,553)</u>	<u>\$ 114,947</u>
FUND BALANCE:				
Beginning of fiscal year			206,116	
End of fiscal year			<u>\$ 130,563</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CDBG Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 395,400	\$ 395,400	\$ 234,344	\$ (161,056)
Charges for services	18,200	18,200	18,200	-
Total revenues	413,600	413,600	252,544	(161,056)
EXPENDITURES:				
Current:				
Community development	343,400	343,400	188,340	155,060
Recreation and community services	70,200	70,200	64,204	5,996
Total expenditures	413,600	413,600	252,544	161,056
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE:				
Beginning of fiscal year				-
End of fiscal year			\$ -	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Proposition A Transit Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 4,800	\$ 4,800	\$ 5,655	\$ 855
Intergovernmental	<u>1,058,314</u>	<u>1,058,314</u>	<u>1,053,986</u>	<u>(4,328)</u>
Total revenues	<u>1,063,114</u>	<u>1,063,114</u>	<u>1,059,641</u>	<u>(3,473)</u>
EXPENDITURES:				
Current:				
Public works services	111,300	111,300	102,851	8,449
Community development	106,100	277,789	130,708	147,081
Recreation and community services	<u>16,100</u>	<u>16,100</u>	<u>15,937</u>	<u>163</u>
Total expenditures	<u>233,500</u>	<u>405,189</u>	<u>249,496</u>	<u>155,693</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>829,614</u>	<u>657,925</u>	<u>810,145</u>	<u>152,220</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(726,720)</u>	<u>(726,720)</u>	<u>(666,607)</u>	<u>60,113</u>
Total other financing sources (uses)	<u>(726,720)</u>	<u>(726,720)</u>	<u>(666,607)</u>	<u>60,113</u>
Net change in fund balance	<u>\$ 102,894</u>	<u>\$ (68,795)</u>	<u>143,538</u>	<u>\$ 212,333</u>
FUND BALANCE:				
Beginning of fiscal year			1,165,075	
End of fiscal year			<u>\$ 1,308,613</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Transportation Impact Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 300,000	\$ 300,000	\$ 1,553,561	\$ 1,253,561
Use of money and property	6,500	6,500	12,414	5,914
Intergovernmental	<u>560,000</u>	<u>560,000</u>	-	(560,000)
Total revenues	<u>866,500</u>	<u>866,500</u>	<u>1,565,975</u>	<u>699,475</u>
EXPENDITURES:				
Current:				
Community development	<u>1,350,000</u>	<u>2,638,691</u>	<u>496,230</u>	<u>2,142,461</u>
Total expenditures	<u>1,350,000</u>	<u>2,638,691</u>	<u>496,230</u>	<u>2,142,461</u>
Net change in fund balance	<u>\$ (483,500)</u>	<u>\$ (1,772,191)</u>	<u>1,069,745</u>	<u>\$ 2,841,936</u>
FUND BALANCE:				
Beginning of fiscal year			<u>1,977,887</u>	
End of fiscal year			<u>\$ 3,047,632</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State and County Gas Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 500	\$ 500	\$ 552	\$ 52
Intergovernmental	<u>1,287,535</u>	<u>1,287,535</u>	<u>1,078,504</u>	<u>(209,031)</u>
Total revenues	<u>1,288,035</u>	<u>1,288,035</u>	<u>1,079,056</u>	<u>(208,979)</u>
EXPENDITURES:				
Current:				
Public works services	2,000	402,000	401,816	184
Community development	<u>35,000</u>	<u>211,157</u>	<u>613</u>	<u>210,544</u>
Total expenditures	<u>37,000</u>	<u>613,157</u>	<u>402,429</u>	<u>210,728</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,251,035</u>	<u>674,878</u>	<u>676,627</u>	<u>1,749</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(1,271,500)</u>	<u>(1,271,500)</u>	<u>(1,199,714)</u>	<u>71,786</u>
Total other financing sources (uses)	<u>(1,271,500)</u>	<u>(1,271,500)</u>	<u>(1,199,714)</u>	<u>71,786</u>
Net change in fund balance	<u>\$ (20,465)</u>	<u>\$ (596,622)</u>	<u>(523,087)</u>	<u>\$ 73,535</u>
FUND BALANCE:				
Beginning of fiscal year			738,547	
End of fiscal year			<u>\$ 215,460</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, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 8,700	\$ 8,700	\$ 8,569	\$ (131)
Intergovernmental	<u>1,128,334</u>	<u>1,128,334</u>	<u>655,848</u>	<u>(472,486)</u>
Total revenues	<u>1,137,034</u>	<u>1,137,034</u>	<u>664,417</u>	<u>(472,617)</u>
EXPENDITURES:				
Current:				
Community development	<u>1,262,000</u>	<u>1,262,000</u>	<u>227,069</u>	<u>1,034,931</u>
Total expenditures	<u>1,262,000</u>	<u>1,262,000</u>	<u>227,069</u>	<u>1,034,931</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(124,966)</u>	<u>(124,966)</u>	<u>437,348</u>	<u>562,314</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(484,474)</u>	<u>(484,474)</u>	<u>(444,399)</u>	<u>40,075</u>
Total other financing sources (uses)	<u>(484,474)</u>	<u>(484,474)</u>	<u>(444,399)</u>	<u>40,075</u>
Net change in fund balance	<u>\$ (609,440)</u>	<u>\$ (609,440)</u>	<u>(7,051)</u>	<u>\$ 602,389</u>
FUND BALANCE:				
Beginning of fiscal year			<u>1,784,316</u>	
End of fiscal year			<u>\$ 1,777,265</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Lighting Maintenance Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 480,700	\$ 480,700	\$ 464,676	\$ (16,024)
Use of money and property	-	-	585	585
Total revenues	480,700	480,700	465,261	(15,439)
EXPENDITURES:				
Current:				
Public works services	1,201,700	1,201,700	1,082,624	119,076
Total expenditures	1,201,700	1,201,700	1,082,624	119,076
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(721,000)	(721,000)	(617,363)	103,637
OTHER FINANCING SOURCES (USES):				
Transfers in	721,000	721,000	649,574	(71,426)
Total other financing sources (uses)	721,000	721,000	649,574	(71,426)
Net change in fund balance	\$ -	\$ -	32,211	\$ 32,211
FUND BALANCE:				
Beginning of fiscal year			105,812	
End of fiscal year			\$ 138,023	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Prop C Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 800	\$ 800	\$ 6,261	\$ 5,461
Intergovernmental	<u>877,844</u>	<u>877,844</u>	<u>872,753</u>	<u>(5,091)</u>
Total revenues	<u>878,644</u>	<u>878,644</u>	<u>879,014</u>	<u>370</u>
EXPENDITURES:				
Current:				
Community development	<u>918,800</u>	<u>2,612,295</u>	<u>1,277,467</u>	<u>1,334,828</u>
Total expenditures	<u>918,800</u>	<u>2,612,295</u>	<u>1,277,467</u>	<u>1,334,828</u>
Net change in fund balance	<u>\$ (40,156)</u>	<u>\$ (1,733,651)</u>	<u>(398,453)</u>	<u>\$ 1,335,198</u>
FUND BALANCE:				
Beginning of fiscal year			<u>1,658,504</u>	
End of fiscal year			<u>\$ 1,260,051</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
IRS Task Force Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,200	\$ 3,200	\$ 633	\$ (2,567)
Total revenues	3,200	3,200	633	(2,567)
Net change in fund balance	\$ 3,200	\$ 3,200	633	\$ (2,567)
FUND BALANCE:				
Beginning of fiscal year			457,958	
End of fiscal year			\$ 458,591	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Santa Anita Grade Separation Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 4,900	\$ 4,900	\$ 8,270	\$ 3,370
Total revenues	4,900	4,900	8,270	3,370
EXPENDITURES:				
Current:				
Community development	-	2,383,969	18,169	2,365,800
Total expenditures	-	2,383,969	18,169	2,365,800
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,900	(2,379,069)	(9,899)	2,369,170
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ 4,900	\$ (2,379,069)	(9,899)	\$ 2,369,170
FUND BALANCE:				
Beginning of fiscal year			1,841,197	
End of fiscal year			\$ 1,831,298	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Homeland Security Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total revenues	10,000	10,000	-	(10,000)
EXPENDITURES:				
Current:				
Public safety:				
Fire	10,000	10,000	7,818	2,182
Total expenditures	10,000	10,000	7,818	2,182
Net change in fund balance	\$ -	\$ -	(7,818)	\$ (7,818)
FUND BALANCE:				
Beginning of fiscal year				-
End of fiscal year			\$ (7,818)	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Library State Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 100	\$ 100	\$ 74	\$ (26)
Total revenues	<u>100</u>	<u>100</u>	<u>74</u>	<u>(26)</u>
EXPENDITURES:				
Current:				
Library	11,000	11,000	10,000	1,000
Total expenditures	<u>11,000</u>	<u>11,000</u>	<u>10,000</u>	<u>1,000</u>
Net change in fund balance	<u>\$ (10,900)</u>	<u>\$ (10,900)</u>	(9,926)	<u>\$ 974</u>
FUND BALANCE:				
Beginning of fiscal year			11,036	
End of fiscal year			<u>\$ 1,110</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
PEG Access Television Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 97,000	\$ 97,000	\$ 73,615	\$ (23,385)
Use of money and property	3,100	3,100	3,037	(63)
Total revenues	100,100	100,100	76,652	(23,448)
EXPENDITURES:				
Current:				
General city	55,000	55,000	-	55,000
Total expenditures	55,000	55,000	-	55,000
Net change in fund balance	\$ 45,100	\$ 45,100	76,652	\$ 31,552
FUND BALANCE:				
Beginning of fiscal year			631,175	
End of fiscal year			\$ 707,827	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Used Oil Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 200	\$ 200	\$ 112	\$ (88)
Intergovernmental	16,300	16,300	16,070	(230)
Total revenues	16,500	16,500	16,182	(318)
EXPENDITURES:				
Current:				
Public works services	16,000	16,000	17,171	(1,171)
Total expenditures	16,000	16,000	17,171	(1,171)
Net change in fund balance	\$ 500	\$ 500	(989)	\$ (1,489)
FUND BALANCE:				
Beginning of fiscal year			16,075	
End of fiscal year			\$ 15,086	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
DOC Beverage Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 200	\$ 200	\$ 180	\$ (20)
Intergovernmental	15,300	15,300	14,879	(421)
Total revenues	15,500	15,500	15,059	(441)
EXPENDITURES:				
Current:				
Public works services	38,000	38,000	45,574	(7,574)
Total expenditures	38,000	38,000	45,574	(7,574)
Net change in fund balance	\$ (22,500)	\$ (22,500)	(30,515)	\$ (8,015)
FUND BALANCE:				
Beginning of fiscal year			48,639	
End of fiscal year			\$ 18,124	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Obligation Bonds Debt Service Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 1,009,300	\$ 1,009,300	\$ 1,045,869	\$ 36,569
Use of money and property	4,600	4,600	605	(3,995)
Total revenues	1,013,900	1,013,900	1,046,474	32,574
EXPENDITURES:				
Debt service:				
Principal retirement	565,000	565,000	565,000	-
Interest and fiscal charges	448,900	448,900	448,076	824
Total expenditures	1,013,900	1,013,900	1,013,076	824
Net change in fund balance	\$ -	\$ -	33,398	\$ 33,398
FUND BALANCE:				
Beginning of fiscal year			853,677	
End of fiscal year			\$ 887,075	

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FIDUCIARY FUNDS

Agency Funds:

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

City of Arcadia
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2017

	Agency Fund		
	Net Changes		
	Balance	in Assets and Liabilities	Balance
	July 1, 2016	and Liabilities	June 30, 2017
ASSETS			
Cash and investments	\$ 2,390,537	\$ 1,474,291	\$ 3,864,828
Accounts receivable	<u>6,311</u>	<u>111,668</u>	<u>117,979</u>
Total assets	<u>\$ 2,396,848</u>	<u>\$ 1,585,959</u>	<u>\$ 3,982,807</u>
LIABILITIES			
Accounts payable	\$ 135,564	\$ 15,987	\$ 151,551
Deposits payable	<u>2,261,284</u>	<u>1,569,972</u>	<u>3,831,256</u>
Total liabilities	<u>\$ 2,396,848</u>	<u>\$ 1,585,959</u>	<u>\$ 3,982,807</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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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.	
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Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
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Sources: Unless otherwise noted, the information in these schedules was derived from the City's comprehensive annual financial reports for the relevant year.

City of Arcadia
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental Activities:					
Net investment in capital assets	\$ 58,132,706	\$ 52,517,506	\$ 52,847,570	\$ 52,132,444	\$ 58,679,540
Restricted for:					
Capital Projects	15,423,348	14,382,092	14,813,455	9,407,211	6,899,157
Debt Service	547,517	556,283	2,391,605	3,893,943	762,708
Specific Projects and Programs	19,062,102	20,567,765	20,692,163	20,596,634	14,150,646
Community Purposes	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation/Streets	-	-	-	-	-
Total Restricted	<u>35,032,967</u>	<u>35,506,140</u>	<u>37,897,223</u>	<u>33,897,788</u>	<u>21,812,511</u>
Unrestricted	15,989,738	18,064,825	14,833,148	14,107,829	11,083,944
Total governmental activities net position	<u>\$ 109,155,411</u>	<u>\$ 106,088,471</u>	<u>\$ 105,577,941</u>	<u>\$ 100,138,061</u>	<u>\$ 91,575,995</u>
Business-type Activities:					
Net investment in capital assets	\$ 49,863,792	\$ 55,176,999	\$ 55,431,533	\$ 54,707,757	\$ 53,119,660
Unrestricted	34,596,415	38,032,983	38,021,028	37,219,013	36,456,910
Total business-type activities net position	<u>\$ 84,460,207</u>	<u>\$ 93,209,982</u>	<u>\$ 93,452,561</u>	<u>\$ 91,926,770</u>	<u>\$ 89,576,570</u>
Primary Government:					
Net investment in capital assets	\$ 107,996,498	\$ 107,694,505	\$ 108,279,103	\$ 106,840,201	\$ 111,799,200
Restricted	35,032,967	35,506,140	37,897,223	33,897,788	21,812,511
Unrestricted	50,586,153	56,097,808	52,854,176	51,326,842	47,540,854
Total Primary Government net position	<u>\$ 193,615,618</u>	<u>\$ 199,298,453</u>	<u>\$ 199,030,502</u>	<u>\$ 192,064,831</u>	<u>\$ 181,152,565</u>

Source: City of Arcadia Financial Reports

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Governmental Activities:					
Net investment in capital assets	\$ 59,598,320	\$ 50,203,892	\$ 50,652,770	\$ 51,124,268	\$ 50,448,943
Restricted for:					
Capital Projects	6,912,977	755,064	-	-	-
Debt Service	699,444	786,567	694,085	664,992	706,723
Specific Projects and Programs*	16,064,646	14,564,481	-	-	-
Community Purposes	-	-	8,236,718	10,578,749	12,424,349
Public Safety	-	-	1,340,410	1,253,412	1,058,486
Transportation/Streets	-	-	9,312,873	9,165,526	9,440,319
Total Restricted	<u>23,677,067</u>	<u>16,106,112</u>	<u>19,584,086</u>	<u>21,662,679</u>	<u>23,629,877</u>
Unrestricted	<u>10,527,461</u>	<u>25,857,397</u>	<u>(75,062,952)</u>	<u>(71,558,258)</u>	<u>(72,803,923)</u>
Total governmental activities net position	<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>	<u><u>\$ 1,274,897</u></u>
Business-type Activities:					
Net investment in capital assets	\$ 52,092,442	\$ 50,835,309	\$ 48,858,963	\$ 46,957,250	\$ 46,000,669
Unrestricted	<u>36,522,942</u>	<u>35,505,795</u>	<u>23,494,250</u>	<u>22,536,965</u>	<u>20,182,581</u>
Total business-type activities net position	<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>	<u><u>\$ 66,183,250</u></u>
Primary Government:					
Net investment in capital assets	\$ 111,690,762	\$ 101,039,201	\$ 99,511,733	\$ 98,081,518	\$ 96,449,612
Restricted	<u>23,677,067</u>	<u>16,106,112</u>	<u>19,584,086</u>	<u>21,662,679</u>	<u>23,629,877</u>
Unrestricted	<u>47,050,403</u>	<u>61,363,192</u>	<u>(51,568,702)</u>	<u>(49,021,293)</u>	<u>(52,621,342)</u>
Total Primary Government net position	<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>	<u><u>\$ 67,458,147</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				
	2008	2009	2010	2011	2012
Expenses					
Governmental activities:					
General government	\$ 9,511,398	\$ 8,211,121	\$ 11,653,623	\$ 7,932,372	\$ 8,060,384
Public safety	26,336,811	25,887,304	26,433,261	28,843,936	29,494,115
Public works services	9,810,398	6,500,404	6,153,531	8,344,308	8,595,701
Community development	3,934,974	2,848,740	3,702,372	5,763,672	4,650,800
Library	3,095,916	3,344,597	2,958,551	3,264,511	3,269,158
Economic development*	713,846	1,726,912	2,511,182	5,435,758	1,091,721
Recreation and community services	2,592,669	2,547,934	2,489,088	2,759,562	2,796,582
Interest on long-term debt	1,372,678	1,325,694	1,277,732	2,067,789	969,994
Total governmental activities expenses	<u>\$ 57,368,690</u>	<u>\$ 52,392,706</u>	<u>\$ 57,179,340</u>	<u>\$ 64,411,908</u>	<u>\$ 58,928,455</u>
Business-type activities:					
Water	\$ 9,020,752	\$ 10,266,681	\$ 10,842,417	\$ 11,854,112	\$ 13,195,083
Sewer **		1,039,606	1,184,763	1,106,873	1,135,487
Transit	1,467,553	1,632,156	1,676,496	1,727,366	1,792,216
Total business-type activities expenses	<u>10,488,305</u>	<u>12,938,443</u>	<u>13,703,676</u>	<u>14,688,351</u>	<u>16,122,786</u>
Total primary government expenses	<u>\$ 67,856,995</u>	<u>\$ 65,331,149</u>	<u>\$ 70,883,016</u>	<u>\$ 79,100,259</u>	<u>\$ 75,051,241</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ -	\$ 86,150	\$ 2,973	\$ 13,512	\$ 1,245
Public safety	2,685,688	2,899,528	3,293,237	3,149,498	3,304,856
Public works services	1,433,711	365,883	305,344	475,338	393,639
Community development	2,001,142	1,835,423	1,891,145	2,262,274	2,698,841
Library	97,245	95,299	97,842	86,285	74,518
Recreation and community services	837,233	1,204,767	1,632,634	1,916,601	2,295,475
Operating Grants and Contributions	2,446,798	2,613,585	3,085,135	3,607,703	3,612,486
Capital Grants and Contributions	3,077,164	2,311,305	2,576,985	2,555,769	1,500,626
Total governmental activities program revenues	<u>12,578,981</u>	<u>11,411,940</u>	<u>12,885,295</u>	<u>14,066,980</u>	<u>13,881,686</u>
Business-type activities:					
Charges for services:					
Water	9,849,482	10,087,744	9,611,411	9,190,903	10,191,324
Sewer **	-	1,161,525	1,206,690	1,203,269	1,221,817
Transit	67,825	69,241	72,187	71,425	73,846
Operating Grants and Contributions	663,298	1,009,884	592,255	532,857	606,878
Capital Grants and Contributions	-	-	713,932	699,368	401,697
Total business-type activities program revenues	<u>10,580,605</u>	<u>12,328,394</u>	<u>12,196,475</u>	<u>11,697,822</u>	<u>12,495,562</u>
Total primary government program revenues	<u>\$ 23,159,586</u>	<u>\$ 23,740,334</u>	<u>\$ 25,081,770</u>	<u>\$ 25,764,802</u>	<u>\$ 26,377,248</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				
	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
General government	\$ 8,772,439	\$ 6,984,927	\$ 7,458,250	\$ 6,890,053	\$ 9,515,214
Public safety	30,816,795	31,879,134	32,579,734	34,089,922	36,377,345
Public works services	7,684,123	7,318,800	7,741,343	8,525,715	7,829,369
Community development	3,615,072	15,469,651	5,050,382	6,316,456	6,542,784
Library	3,371,939	3,381,138	3,640,914	3,858,956	4,000,700
Economic development*	-	-	-	-	-
Recreation and community services	3,051,783	3,740,097	3,310,420	3,455,024	3,593,171
Interest on long-term debt	673,196	455,077	434,682	417,780	398,133
Total governmental activities expenses	<u>\$ 57,985,347</u>	<u>\$ 69,228,824</u>	<u>\$ 60,215,725</u>	<u>\$ 63,553,906</u>	<u>\$ 68,256,716</u>
Business-type activities:					
Water	\$ 12,373,758	\$ 13,911,484	\$ 16,891,412	\$ 12,563,018	\$ 14,942,992
Sewer **	1,318,107	1,347,002	1,457,275	1,360,509	1,440,677
Transit	2,023,651	2,010,402	1,836,228	1,818,171	1,935,418
Total business-type activities expenses	<u>15,715,516</u>	<u>17,268,888</u>	<u>20,184,915</u>	<u>15,741,698</u>	<u>18,319,087</u>
Total primary government expenses	<u>\$ 73,700,863</u>	<u>\$ 86,497,712</u>	<u>\$ 80,400,640</u>	<u>\$ 79,295,604</u>	<u>\$ 86,575,803</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 260	\$ 1,065	\$ -	\$ 33,223	\$ 596
Public safety	3,146,493	3,801,154	3,683,293	3,972,018	3,896,797
Public works services	325,403	455,285	312,995	434,681	363,274
Community development	3,175,993	5,951,472	4,497,375	4,577,662	5,406,275
Library	69,350	74,007	71,564	72,242	71,393
Recreation and community services	2,450,915	3,149,525	3,045,343	3,237,272	2,804,010
Operating Grants and Contributions	4,592,325	5,481,152	5,020,312	4,876,997	4,523,948
Capital Grants and Contributions	2,272,285	658,109	804,556	927,837	254,204
Total governmental activities program revenues	<u>16,033,024</u>	<u>19,571,769</u>	<u>17,435,438</u>	<u>18,131,932</u>	<u>17,320,497</u>
Business-type activities:					
Charges for services:					
Water	10,902,718	11,467,284	10,132,653	9,122,745	10,990,520
Sewer **	1,277,868	1,308,313	1,310,499	1,664,249	2,046,705
Transit	86,208	89,710	76,484	63,520	12,408
Operating Grants and Contributions	616,491	685,118	786,352	768,229	696,053
Capital Grants and Contributions	648,875	-	-	-	-
Total business-type activities program revenues	<u>13,532,160</u>	<u>13,550,425</u>	<u>12,305,988</u>	<u>11,618,743</u>	<u>13,745,686</u>
Total primary government program revenues	<u>\$ 29,565,184</u>	<u>\$ 33,122,194</u>	<u>\$ 29,741,426</u>	<u>\$ 29,750,675</u>	<u>\$ 31,066,183</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				
	2008	2009	2010	2011	2012
Net (Expense)/Revenue					
Governmental activities	\$ (44,789,709)	\$ (40,980,766)	\$ (44,294,045)	\$ (50,344,928)	\$ (45,046,769)
Business-type activities	92,300	(610,049)	(1,507,200)	(2,990,529)	(3,627,224)
Total primary government net expense	<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>	<u><u>\$ (48,673,993)</u></u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 13,363,736	\$ 14,330,420	\$ 15,400,704	\$ 14,215,888	\$ 11,416,754
Sales taxes	9,582,552	9,024,834	7,940,462	8,613,829	8,962,391
Franchise fees	1,129,174	1,077,046	972,461	1,045,099	1,061,719
Utilities user taxes	5,189,901	5,128,782	5,258,113	5,172,811	5,046,439
Transient occupancy taxes	2,916,776	2,428,763	2,237,610	2,394,106	2,560,371
Motor vehicle license taxes	4,223,427	4,433,640	4,502,551	4,814,591	4,653,845
Non-regulatory business license taxes	900,129	938,278	1,020,770	1,068,308	1,108,428
Other Taxes	<u><u>2,473,171</u></u>	<u><u>1,850,761</u></u>	<u><u>1,846,825</u></u>	<u><u>1,641,467</u></u>	<u><u>1,581,577</u></u>
Total Taxes and fees	39,778,866	39,212,524	39,179,496	38,966,099	36,391,524
Investment earnings	3,384,271	2,680,217	1,025,361	2,080,612	1,689,361
Miscellaneous	3,054,303	3,535,084	4,491,008	4,579,176	4,153,019
Gain/loss on disposal of capital assets	(40,128)	-	-	256,499	35,714
Transfers	(584,665)	(911,695)	(912,350)	(977,338)	(976,894)
Extraordinary item	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(4,808,021)</u></u>
Total Governmental activities	<u><u>45,592,647</u></u>	<u><u>44,516,130</u></u>	<u><u>43,783,515</u></u>	<u><u>44,905,048</u></u>	<u><u>36,484,703</u></u>
Business-type activities:					
Investment earnings	1,879,521	1,845,825	819,078	472,912	280,621
Miscellaneous	(560,618)	-	18,351	14,488	19,509
Transfers	<u><u>584,665</u></u>	<u><u>911,695</u></u>	<u><u>912,350</u></u>	<u><u>977,338</u></u>	<u><u>976,894</u></u>
Total business-type activities	<u><u>1,903,568</u></u>	<u><u>2,757,520</u></u>	<u><u>1,749,779</u></u>	<u><u>1,464,738</u></u>	<u><u>1,277,024</u></u>
Total primary government	<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>	<u><u>\$ 37,761,727</u></u>
Change in Net Position					
Governmental activities	\$ 802,938	\$ 3,535,364	\$ (510,530)	\$ (5,439,880)	\$ (8,562,066)
Business-type activities	1,995,868	2,147,471	242,579	(1,525,791)	(2,350,200)
Total primary government	<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>	<u><u>\$ (10,912,266)</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				
	2013	2014	2015	2016	2017
Net (Expense)/Revenue					
Governmental activities	\$ (41,952,323)	\$ (41,952,323)	\$ (49,657,055)	\$ (45,421,974)	\$ (50,936,219)
Business-type activities	(2,183,356)	(2,183,356)	(3,718,463)	(4,122,955)	(4,573,401)
Total primary government net expense	<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>	<u><u>\$ (55,509,620)</u></u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 13,644,310	\$ 13,892,020	\$ 13,865,978	\$ 15,149,171	\$ 16,150,617
Sales taxes	9,646,630	10,082,196	10,427,065	11,441,622	10,766,558
Franchise fees	1,091,812	1,070,809	1,192,519	1,100,952	1,000,308
Utilities user taxes	5,118,597	6,545,713	7,142,118	6,816,464	6,773,169
Transient occupancy taxes	2,823,399	3,215,261	3,365,408	3,531,944	3,543,908
Motor vehicle license taxes	4,900,991	5,213,847	5,641,681	6,136,906	6,461,508
Non-regulatory business license taxes	1,186,704	1,249,583	1,202,350	1,293,357	1,270,876
Other Taxes	<u>1,541,319</u>	<u>1,683,520</u>	<u>1,662,956</u>	<u>1,538,467</u>	<u>1,647,136</u>
Total Taxes and fees	39,953,762	42,952,949	44,500,075	47,008,883	47,614,080
Investment earnings	1,035,634	1,598,314	1,632,484	1,856,318	1,458,553
Miscellaneous	3,374,585	4,724,159	4,421,469	3,482,819	3,007,213
Gain/loss on disposal of capital assets	935,125	64,696	28,323	-	13,587
Transfers	(1,119,930)	(1,031,360)	(817,751)	(871,261)	(1,111,006)
Extraordinary item	-	-	-	-	-
Total Governmental activities	<u>44,179,176</u>	<u>48,308,758</u>	<u>49,764,600</u>	<u>51,476,759</u>	<u>50,982,427</u>
Business-type activities:					
Investment earnings	85,231	396,892	332,719	380,861	138,679
Miscellaneous	17,009	15,931	18,300	11,835	12,751
Transfers	1,119,930	1,031,360	817,751	871,261	1,111,006
Total business-type activities	<u>1,222,170</u>	<u>1,444,183</u>	<u>1,168,770</u>	<u>1,263,957</u>	<u>1,262,436</u>
Total primary government	<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>	<u><u>\$ 52,244,863</u></u>
Change in Net Position					
Governmental activities	\$ 2,226,853	\$ 6,356,435	\$ 107,545	\$ 6,054,785	\$ 46,208
Business-type activities	(961,186)	(739,173)	(2,549,693)	(2,858,998)	(3,310,965)
Total primary government	<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>	<u><u>\$ (3,264,757)</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				
	2008	2009	2010	2011	2012
General Fund					
Reserved	\$ 2,129,731	\$ 2,078,013	\$ 1,337,938	\$ -	\$ -
Unreserved	22,235,755	24,508,667	23,860,788	-	-
Nonspendable	-	-	-	741,827	727,715
Assigned	-	-	-	17,280,504	15,325,993
Unassigned	-	-	-	8,711,216	9,745,454
Total General Fund	\$ 24,365,486	\$ 26,586,680	\$ 25,198,726	\$ 26,733,547	\$ 25,799,162
All Other Governmental Funds					
Reserved	\$ 8,493,954	\$ 14,650,692	\$ 19,244,377	\$ -	\$ -
Unreserved, reported in:					
Special Revenue Funds	14,559,787	14,082,897	15,901,092	-	-
Debt Service Funds	39,618	-	-	-	-
Capital projects funds	19,160,955	14,218,072	8,068,757	-	-
Nonspendable	-	-	-	16,124,172	23,251
Restricted	-	-	-	32,629,493	21,812,511
Assigned	-	-	-	10,425,600	4,337,923
Total all other Governmental Funds	\$ 42,254,314	\$ 42,951,661	\$ 43,214,226	\$ 59,179,265	\$ 26,173,685
Total Governmental Funds	\$ 66,619,800	\$ 69,538,341	\$ 68,412,952	\$ 85,912,812	\$ 51,972,847

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				
	2013	2014	2015	2016	2017
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	698,729	708,053	768,417	797,305	845,513
Assigned	13,815,582	22,223,334	23,710,862	24,756,336	23,015,454
Unassigned	12,701,494	8,180,075	12,357,558	6,399,003	7,323,121
Total General Fund	<u>\$ 27,215,805</u>	<u>\$ 31,111,462</u>	<u>\$ 36,836,837</u>	<u>\$ 31,952,644</u>	<u>\$ 31,184,088</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special Revenue Funds	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	305	384	-	-	11,540
Restricted	23,677,067	16,106,112	19,779,855	21,851,364	23,810,229
Assigned	3,735,533	6,207,820	4,894,097	11,203,221	12,913,838
Total all other Governmental Funds	<u>\$ 27,412,905</u>	<u>\$ 22,314,316</u>	<u>\$ 24,673,952</u>	<u>\$ 33,054,585</u>	<u>\$ 36,735,607</u>
Total Governmental Funds	<u>\$ 54,628,710</u>	<u>\$ 53,425,778</u>	<u>\$ 61,510,789</u>	<u>\$ 65,007,229</u>	<u>\$ 67,919,695</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				
	2008	2009	2010	2011	2012
REVENUES:					
Taxes	\$ 34,105,057	\$ 33,840,607	\$ 32,337,065	\$ 34,244,462	\$ 30,629,251
Licenses, fees and permits	4,014,778	3,802,420	3,487,187	3,972,881	4,542,324
Fines and penalties	827,448	830,395	942,337	960,496	918,949
Use of money of property	3,768,802	3,510,957	2,123,272	2,080,611	1,833,161
Intergovernmental revenues	9,713,585	9,269,355	10,380,618	11,248,656	9,776,817
Charges for services	4,117,379	3,529,270	4,420,625	4,711,152	5,041,963
Other revenues	6,625,660	8,846,293	6,804,945	3,973,389	3,410,965
Total revenues	63,172,709	63,629,297	60,496,049	61,191,647	56,153,430
EXPENDITURES:					
Current:					
General government	9,773,261	10,241,549	10,664,354	8,375,592	8,923,780
Public safety	29,537,687	27,595,515	28,239,920	27,451,509	28,402,141
Public works services	8,480,731	6,350,512	5,910,512	6,588,499	6,897,481
Community development	5,092,902	3,359,686	5,371,217	5,756,910	5,380,890
Library	3,064,959	3,374,589	2,987,701	3,058,338	3,050,203
Economic development	957,789	1,726,912	2,975,135	5,452,493	1,091,721
Recreation and community services	2,533,477	2,470,190	2,357,463	3,746,142	2,571,010
Debt service:					
Interest	825,000	870,000	915,000	1,736,317	900,000
Principal	1,383,486	1,337,036	1,287,786	690,000	1,282,872
Cost of issuance	-	-	-	395,037	-
Total expenditures	61,649,292	57,325,989	60,709,088	63,250,837	58,500,098
Less: acquisition of capital assets	(5,051,343)	(1,815,013)	(3,807,691)	(2,562,811)	(2,931,313)
Total expenditures excluding capital assets	56,597,949	55,510,976	56,901,397	60,688,026	55,568,785
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,523,417	6,303,308	(213,039)	(2,059,190)	(2,346,668)
OTHER FINANCING SOURCES (USES):					
Transfers in	4,898,172	3,236,418	3,660,845	8,387,511	8,760,016
Transfers out	(5,482,837)	(4,148,113)	(4,573,195)	(9,364,849)	(9,736,910)
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	-	-	-	-	(30,616,403)
Total other financing sources (uses)	(584,665)	(911,695)	(912,350)	19,559,050	(31,593,297)
Net change in fund balances	\$ 938,752	\$ 5,391,613	\$ (1,125,389)	\$ 17,499,860	\$ (33,939,965)
Debt service as a percentage of non-capital expenditures	3.90%	3.98%	3.87%	4.00%	3.93%

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				
	2013	2014	2015	2016	2017
REVENUES:					
Taxes	\$ 33,866,067	\$ 36,489,519	\$ 37,911,174	\$ 39,504,488	\$ 40,258,016
Licenses, fees and permits	5,008,304	8,031,036	6,512,028	6,723,286	7,583,907
Fines and penalties	839,477	913,156	935,629	801,161	634,261
Use of money of property	1,035,634	1,598,310	1,632,483	1,856,318	1,458,553
Intergovernmental revenues	11,437,572	10,881,323	11,508,381	11,653,593	10,782,388
Charges for services	5,095,987	6,356,736	6,086,755	6,777,300	6,140,231
Other revenues	4,049,089	4,093,208	4,390,220	3,419,455	3,062,448
Total revenues	61,332,130	68,363,288	68,976,670	70,735,601	69,919,804
EXPENDITURES:					
Current:					
General government	7,484,871	7,051,033	6,730,305	8,920,807	8,338,619
Public safety	29,905,370	30,842,988	31,748,649	33,772,958	35,497,246
Public works services	5,940,589	5,805,936	6,372,293	7,827,183	7,199,751
Community development	6,885,395	17,046,641	8,168,873	8,003,227	6,673,998
Library	3,179,305	3,165,746	3,433,071	3,612,759	3,830,240
Economic development	-	-	-	-	-
Recreation and community services	3,014,469	3,729,337	3,099,283	3,209,492	3,343,402
Debt service:					
Interest	756,210	502,875	525,000	555,000	448,076
Principal	215,000	465,000	484,854	466,474	565,000
Cost of issuance	132,228	-	-	-	-
Total expenditures	57,513,437	68,609,556	60,562,328	66,367,900	65,896,332
Less: acquisition of capital assets	(4,349,512)	(2,559,961)	(3,756,352)	(4,180,176)	(2,978,796)
Total expenditures excluding capital assets	53,163,925	66,049,595	56,805,976	62,187,724	62,917,536
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,818,693	(246,268)	8,414,342	4,367,701	4,023,472
OTHER FINANCING SOURCES (USES):					
Transfers in	2,455,802	4,623,066	3,874,984	10,330,462	5,259,012
Transfers out	(3,575,732)	(5,654,426)	(4,692,735)	(11,201,723)	(6,370,018)
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	-	-	-	-	-
Total other financing sources (uses)	(1,162,830)	(956,664)	(817,751)	(871,261)	(1,111,006)
Net change in fund balances	\$ 2,655,863	\$ (1,202,932)	\$ 7,596,591	\$ 3,496,440	\$ 2,912,466
Debt service as a percentage of non-capital expenditures	1.83%	1.47%	1.78%	1.64%	1.61%

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	Utility user Tax	Transient Occupancy Tax	Motor Vehicle License Tax	Business License Tax	Other Taxes	Total Taxes and Fees
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
2017	16,150,617	10,766,558	1,000,308	6,773,169	3,543,908	6,461,508	1,270,876	1,647,136	47,614,080

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	Utility user tax	Transient Occupancy Tax	Other Taxes	Total Taxes
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
2017	16,150,617	11,069,263	1,000,308	6,773,169	3,543,908	1,720,751	40,258,016

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	Total Taxable Assessed Value	Percent Increase	Total Direct Rate
2008	\$ 7,460,234,815	\$ 990,638,865	\$ 172,281,530	\$ 157,303,267	\$ 324,468,601	\$ 9,104,927,078	6.4%	0.13651%
2009	7,894,207,490	1,047,552,317	190,189,595	175,916,383	362,362,106	9,670,227,891	6.2%	0.13861%
2010	8,119,135,094	1,098,758,395	193,993,380	185,389,363	289,762,734	9,887,038,966	2.2%	0.13933%
2011	8,385,923,392	1,154,290,186	193,533,608	184,933,074	402,865,289	10,321,545,549	4.4%	0.13798%
2012	8,667,971,752	1,217,932,398	194,107,146	186,684,883	343,635,441	10,610,331,620	2.8%	0.13688%
2013	9,119,940,977	1,235,622,033	197,989,278	188,696,515	365,386,188	11,107,634,991	4.7%	0.13360%
2014	9,784,166,701	1,283,395,020	207,049,008	191,408,716	366,192,396	11,832,211,841	6.5%	0.10249%
2015	10,562,151,620	1,306,789,917	312,687,185	191,721,395	435,327,830	12,808,677,947	8.3%	0.10249%
2016	11,422,747,681	1,398,109,370	308,101,469	203,248,894	606,384,854	13,938,592,268	8.8%	0.10110%
2017	12,199,219,454	1,432,309,677	312,799,943	206,523,314	522,677,256	14,673,529,644	5.3%	0.10131%

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 *
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
2017	0.09602	N/A	0.10131

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	School Districts	Community College	Water Districts	Tax Rate %
2008	1.0000	0.005110	0.02580	0.35205	0.04952	0.02450	1.45697
2009	1.0000	0.005490	0.02866	0.38165	0.06503	0.02230	1.50311
2010	1.0000	0.005300	0.04277	0.51389	0.07411	0.02230	1.65838
2011	1.0000	0.005000	0.00000	0.50697	0.07941	0.02170	1.61308
2012	1.0000	0.004990	0.00000	0.54958	0.07821	0.02170	1.65448
2013	1.0000	0.009590	0.00000	0.55242	0.07457	0.02150	1.65808
2014	1.0000	0.008380	0.00000	0.60099	0.07017	0.02150	1.70104
2015	1.0000	0.008221	0.00000	0.57233	0.06180	0.02150	1.66385
2016	1.0000	0.006681	0.00000	0.60790	0.05225	0.01800	1.68483
2017	1.0000	0.006817	0.00000	0.60344	0.06099	0.02300	1.69425

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

2016/17

<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	\$ 391,962,938	\$ 397,098	1	2.67%
Santa Anita Land Holdings LLC	309,127,131	313,177	2	2.11%
Baldwin Arcadia Center LP	79,329,702	80,369	3	0.54%
JLJ USA Investments LLC	42,336,387	42,891	4	0.29%
BRE Newton Hotels Property Owner LLC	33,775,969	34,218	5	0.23%
La Turf Club Inc.	31,458,694	31,871	6	0.21%
Vons Companies INC	30,291,018	30,688	7	0.21%
Arcadia Hotel Venture LP	24,872,233	25,198	8	0.17%
Huntington Landmark LLC	24,857,832	25,183	9	0.17%
Windrose Santa Anita Properties LLC	<u>24,140,743</u>	<u>24,457</u>	10	<u>0.16%</u>
Total	<u><u>\$ 992,152,647</u></u>	<u><u>\$ 1,005,150</u></u>		<u><u>6.76%</u></u>

2007/08

<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	\$ 290,348,785	396,355	1	3.19%
234567 Developments Inc.	164,769,505	224,927	2	1.81%
Safeway Inc.	33,122,145	45,215	3	0.36%
Arcadia Hub Shopping Center LP	27,160,455	37,077	4	0.30%
Arcadia Hotel Venture LP	25,950,437	35,425	5	0.29%
LA Turf Club Inc.	21,471,339	29,311	6	0.24%
Apple Six Hospitality INC.	21,208,507	28,952	7	0.23%
Windrose Santa Anita Properties LLC	20,808,000	28,405	8	0.23%
Arcadia Gateway Centre Assoc. LTD	18,041,383	24,628	9	0.20%
Pecos Properties	<u>17,867,258</u>	<u>24,391</u>	10	<u>0.20%</u>
Total	<u><u>\$ 640,747,814</u></u>	<u><u>\$ 874,685</u></u>		<u><u>7.05%</u></u>

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

* 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 *	
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%		
2017	986,300	1,020,512	103.47%	25,356	1,045,868	102.48%		

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										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Apparel Stores	\$ 133,642	\$ 115,837	\$ 111,744	\$ 116,092	\$ 121,244	\$ 132,473	\$ 142,471	\$ 143,929	\$ 140,725	\$ 150,609	
General Merchandise	167,768	154,832	149,185	148,459	154,061	152,871	154,136	152,855	157,238	154,495	
Food Stores	37,570	38,455	36,409	36,204	36,288	38,887	39,381	40,128	35,602	31,184	
Eating and Drinking Places	133,946	133,720	126,235	127,863	134,614	142,030	153,376	168,939	176,725	189,272	
Building Materials	7,426	7,988	6,830	5,606	6,927	6,553	7,111	9,173	8,102	7,768	
Auto Dealers and Supplies	83,025	84,813	79,061	78,940	78,632	78,791	90,821	104,068	97,709	114,997	
Service Stations	60,697	79,034	60,684	67,103	85,573	92,244	91,262	89,811	76,867	63,354	
Other Retail Stores	130,777	18,133	106,283	108,730	116,203	116,512	123,321	135,165	138,340	143,906	
All Other Outlets	<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>	<u>250,090</u>	
Total	<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>	<u><u>\$ 1,105,675</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**

2016/17

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

Percent of Fiscal Year Total Paid By Top 25 Accounts 49.6%

Period: April 2016 Thru March 2017
Source: State Board Equalization

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

2007/08

<u>Business Name</u>	<u>Business Category</u>
Allstar Fire Equipment	Light Industrial/Printers
Arco AM PM	Service Stations
Borders Books & Music	Stationery/Book Stores
Burlington Coat Factory	Family Apparel
Cheesecake Factory	Casual Dining
Chevron	Service Stations
CVS Pharmacy	Drug Stores
Daimler Chrysler Finance	Auto Lease
Daimler Financial Services	Auto Lease
Dave & Busters	Casual Dining
H&M	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
Ralphs	Grocery Stores Liquor
REI	Sporting Goods/Bike Stores
Rusnak Arcadia	New Motor Vehicle Dealers
Sport Chalet	Sporting Goods/Bike Stores
Victoria's Secret	Women's Apparel
Vons	Grocery Stores
Western Medical Supply	Medical/Biotech

Percent of Fiscal Year Total Paid By Top 25 Accounts 48.5%

Period: April 2007 Thru March 2008
Source: State Board Equalization

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

Year	Governmental Activities										Total Primary Government	Percentage of Personal Income	Per Capita			
	General Obligation Bonds			Redevelopment Bonds *												
	2001	2011	2012	Tax Allocation Bond 2001A	Tax Allocation Bond 2001B	Tax Allocation Bond 2010										
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			
2017	-	6,935,237	5,463,802	-	-	-					12,399,039	0.556%	216			

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		
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	
2017	12,399,039	0.556%		216	

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 2017

Assessed Taxable Value	<u>\$ 14,673,529,644</u>
Debt Limit (15% of assessed value)	<u>2,201,029,447</u>
Debt Applicable to limit:	
Total Bonds Payable	<u>12,399,039</u>
Legal Debt Margin	<u>\$ 2,188,630,408</u>

Percent of Charter Debt Limit 0.56%

	2008	2009	2010	2011	2012
Debt Limit	\$ 1,365,739,062	\$ 1,450,534,184	\$ 1,461,040,845	\$ 1,548,231,832	\$ 1,591,549,743
Total net debt applicable to limit	<u>23,800,000</u>	<u>22,930,000</u>	<u>22,015,000</u>	<u>41,880,666</u>	<u>14,966,562</u>
Legal debt margin	1,341,939,062	1,427,604,184	1,439,025,845	1,506,351,166	1,576,583,181
Total debt applicable to the limit	1.74%	1.58%	1.51%	2.71%	0.94%

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

	2013	2014	2015	2016
Debt Limit	\$ 1,666,145,249	\$ 1,774,831,776	\$ 1,921,301,692	\$ 2,090,788,840
Total net debt applicable to limit	<u>14,675,479</u>	<u>14,168,869</u>	<u>13,602,259</u>	<u>13,005,649</u>
Legal debt margin	1,651,469,770	1,760,662,907	1,907,699,433	2,077,783,191
Total debt applicable to the limit	0.88%	0.80%	0.71%	0.62%

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

Under State Finance Law, the City's outstanding general obligation debt shall not exceed 15 percent of total assessed

Notes: 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

2016/17

	Gross Bonded Debt Balance	% Applicable	Net Bonded Debt
<u>Direct Debt</u>			
Arcadia General Obligation Bond 2011	\$ 6,935,237	100.000%	\$ 6,935,237
Arcadia General Obligation Bond 2012	5,463,802	100.000%	5,463,802
Total Direct Debit	<u>12,399,039</u>		<u>12,399,039</u>
<u>Overlapping Debt</u>			
Metropolitan Water District Area Upper San Gabriel Valley Area *	36,281,674	1.306%	473,858
El Monte City School District 2004 Series B	1,519,104	3.647%	55,396
El Monte City School District 2004 Series D	2,030,000	3.647%	74,027
El Monte City School District 2008 Series A	53,375,000	3.647%	1,946,391
El Monte City School District 2008 Series A-1	5,998,159	3.647%	218,731
El Monte City School District 2015	76,460,000	3.647%	2,788,216
El Monte City School District 2012 Refunding	8,993,668	3.647%	327,966
El Monte City School District 2014 Series A	12,970,000	3.647%	472,968
El Monte City School District 2014 Series B	11,990,000	3.647%	437,231
El Monte Union High School District 2008 Series A	1,209,213	1.899%	22,969
El Monte Union High School District 2008 Series B	30,187,623	1.899%	573,413
El Monte Union High School District 2015 REF	26,325,000	1.899%	500,043
El Monte Union High School District 2016 REF	22,950,000	1.899%	435,935
Citrus CCD 2004 2009 Series C	5,630,302	0.191%	10,771
Citrus CCD Refunding Bond Series 2013	11,525,000	0.191%	22,048
Citrus CCD Series 2004 2014D	18,937,251	0.191%	36,228
Citrus CCD Refunding Bonds 2004 2015 Series E	10,005,000	0.191%	19,140
Citrus CCD Refunding Bonds 2015 Series A	48,185,000	0.191%	92,180
Pasadena Community College 2002, 2006 Series D	5,265,000	18.315%	964,279
Pasadena Community College 2002, 2009 Series E (BABS)	25,295,000	18.315%	4,632,750
Pasadena Community College 2014 Refunding Series A	16,680,000	18.315%	3,054,923
Pasadena Community College 2016 Refunding Series A	33,390,000	18.315%	6,115,341
Rio Hondo Community College District 2004 Series 2008	118,452,824	0.484%	572,848
Rio Hondo Community College District 2005 REF	33,355,000	0.484%	170,980
Arcadia Unified School District 1993 Series A	1,571,207	96.527%	1,516,637
Arcadia Unified School District 1993 Series C	552,222	96.527%	533,043
Arcadia Unified School District 2006 Series A	27,000,000	96.527%	26,062,253
Arcadia Unified School District 2006 Series B	194,055,000	96.527%	187,315,201
Monrovia Unified School District 1997 Series A	10,815,177	0.863%	93,350
Monrovia Unified School District 2005 Refunding Bonds	12,910,000	0.863%	111,432
Monrovia Unified School District 2006 Series B	4,941,665	0.863%	42,654
Monrovia Unified School District 2006 Series C-1 BABS	11,166,250	0.863%	96,381
Pasadena Unified School District 2015 Refunding Bonds	24,060,000	0.863%	207,672
Pasadena Unified School District 2008 Series 2009	7,605,000	0.015%	1,111
Pasadena Unified School District 2008 Series 2012	107,200,000	0.015%	15,665
Pasadena Unified School District 2014 Refunding Bonds Series B	73,275,000	0.015%	10,707
Pasadena Unified School District 2016 Refunding Bonds Series A	189,300,000	0.015%	27,662
Temple City Unified School District 1998 Series A	1,082,259	8.442%	91,368
Temple City Unified School District 1998 Series B	4,426,501	8.442%	373,701
Temple City Unified School District 2005 Refunding Bonds	8,890,000	8.442%	750,526
Temple City Unified School District 2012 Series A	22,405,863	8.442%	1,891,584
Temple City Unified School District 2012 Series B	53,202,588	8.442%	4,491,554
Total Overlapping Debt			<u>247,651,133</u>
TOTAL Direct and Overlapping Debt			<u>\$ 260,050,172</u>

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

2016/17

2016/17 Assessed Valuation : \$14,121,430,294 after deducting \$552,099,350 of Increment Value.

Debt to Assessed Valuation Ratios:

Direct Debt	0.090%
Overlapping Debt	1.750%
Total Debt	1.840%

Note:

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

Overlapping 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

2007/08

<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	\$ 7,230,000	100.000%	\$ 7,230,000
Total Direct Debit	<u>7,230,000</u>		<u>7,230,000</u>
Overlapping Debt			
Metropolitan Water District	150,054,336	1.100%	1,650,836
El Monte City School District 1999 Series A	2,605,000	3.464%	90,240
El Monte City School District 1999 Series B	1,560,000	3.464%	54,040
El Monte City School District 1999 Series C	2,400,000	3.464%	83,138
El Monte City School District 2004 Refunding Bonds	5,980,000	3.464%	207,153
El Monte Union School District 1999 Series D	16,290,000	3.464%	564,302
El Monte City School District 2005 Refunding Bonds	21,405,282	3.464%	741,501
El Monte City School District 2004 Series B	14,699,977	3.464%	509,222
El Monte Union High School District 2002 Series A	5,285,000	1.826%	96,481
El Monte Union High School District 2002 Series B	7,540,000	1.826%	137,647
El Monte Union HSD DS 2006 Refunding Bonds	68,543,264	1.826%	1,251,296
Citrus CCD 2004 Series 2004A	16,640,000	0.153%	25,500
Citrus CCD 2004 Series 2007B	39,685,000	0.153%	60,814
Pasadena Area Community College District 2002 Series A	4,570,000	16.871%	759,519
Pasadena Area Community College District 2006 Series B	58,840,000	16.871%	9,779,015
Pasadena Area Community College District 2006 REF Series C	21,705,552	16.871%	3,607,392
Rio Hondo CCD Ser A 2004	11,335,000	0.452%	51,270
Rio Hondo CCD 2005 Refunding Bonds	46,482,244	0.452%	210,248
Arcadia Unified School District 1993 Series A	8,143,526	96.330%	7,844,663
Arcadia Unified School District 1993 Series C	2,293,154	96.330%	2,208,996
Arcadia Unified School District Refunding 1993 2005 Series A	160,500,423	96.330%	154,610,140
Monrovia Unified School District 1997 Series A	6,491,032	0.707%	45,919
Monrovia Unified School District 1997 Series B	9,999,602	0.707%	70,740
Monrovia Unified School District 2005 Refunding Bonds	12,965,000	0.707%	91,718
Pasadena Unified School District 2006 Series A	14,450,000	0.707%	102,223
Pasadena Unified School District 2004 Refunding Bonds	74,625,000	0.020%	15,055
Pasadena Unified School District 2005 Refunding Bonds	123,945,000	0.020%	25,006
Temple City Unified School District 1998 Series A	3,613,249	8.621%	311,505
Temple City Unified School District 1998 Series B	5,216,501	8.621%	449,724
Temple City Unified School District 2005 Refunding BD	12,495,000	8.621%	1,077,218
Total Overlapping Debt			<u>186,732,521</u>
TOTAL Direct and Overlapping Debt			<u>\$ 193,962,521</u>

2007/08 Assessed Valuation : \$8,723,004,128 after deducting \$381,922,950 of Increment Value.

Debt to Assessed Valuation Ratios:

Direct Debt	0.000%
Overlapping Debt	2.140%
Total Debt	2.140%

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
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%
2016	57,374	2,228,856	38,847	3.00%

Source: US Bureau of Census, Employment Development Department

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

Employer	Employees	Rank	2017	Percentage of Total City Employment
Nordstrom Inc	404	1		2.48%
Macy's West	367	2		2.25%
Worley Parsons Group, Inc	285	3		1.75%
J C Penney Corp, Inc # 1417-5	197	4		1.21%
Dave & Buster's	191	5		1.17%
The Cheesecake Factory Restaurants, Inc	170	6		1.04%
Forever 21, Retail, Inc	146	7		0.90%
99 Ranch Market 7	145	8		0.89%
Posey Products, LLC.	142	9		0.87%
Danco Metal Surfacing	139	10		0.85%
Total	2186			13.43%

Employer	Employees	Rank	2007	Percentage of Total City Employment
Worley Parsons Group, Inc	407	1		6.26%
Macy's West	292	2		4.49%
J C Penney Corp, Inc # 1417-5	255	3		3.92%
Dave & Buster's	196	4		3.02%
Vons 3208	170	5		2.62%
Healthcare Partners Affiliates Medical Group	142	6		2.19%
Olive Garden Italian Rest 255	131	7		2.02%
B J'S Restaurant & Brewhouse	127	8		1.95%
Huntington Drive Health And Rehabilitation Center	122	9		1.88%
Arcadia Health Care Center	113	10		1.74%
Total	1955			30.09%

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>	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:										
City Manager	6	5	5	5	5	5	5	5	5	5
City Clerk	3	3	2	2	2	3	4	4	4	3
City Attorney	1	1	0	0	0	0	0	1	1	0
Administrative Services	15	15	16	16	16	16	16	16	16	16
Police	111	105	100	101	100	96	94	94	95	98
Fire	57	57	57	57	57	57	58	58	58	58
Public Works:										
Streets	24	24	25	24	24	25	25	25	25	27
Water & Sewer	33	33	33	33	33	33	33	33	34	34
Garage	5	5	5	5	5	4	4	4	4	4
Development:										
Community Development	20	19	18	19	20	20	21	23	25	23
Redevelopment	1	1	1	1	0	0	0	0	0	0
Engineering	5	5	5	5	5	5	5	5	5	5
Recreation	8	8	8	9	9	9	9	9	10	11
Library	20	20	20	19	19	19	19	19	19	19
Total	309	301	295	296	295	292	293	296	301	303

Source: Administrative Services Department, City of Arcadia

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Physical Arrests	1,914	1,918	2,151	2,094	2,076	2,053	2,404	2,103	2,098	1,828
Parking Violations	16,413	16,053	16,415	14,686	13,056	10,908	13,211	14,348	11,805	11,449
Moving & Non-Moving Violations	4,700	6,314	6,394	5,258	5,202	6,560	6,158	5,885	6,122	4,726
Fire:										
Emergency Responses	4,728	4,526	4,560	4,575	4,944	4,882	4,960	5,123	5,560	5,614
Fires Extinguished	170	159	142	116	146	74	126	111	123	114
Inspections	3,297	3,722	3,970	4,029	3,874	3,514	4,732	4,089	3,798	4,187
Public Works:										
Street Slurry Resurfacing (SF)	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	3,581,577
Sidewalk Repaired (SF)	3,279	4,621	3,279	17,081	18,859	12,475	11,435	11,300	28,475	7,491
Curb & Gutter Repaired (LF)	3,791	2,110	3,791	2,205	1,273	1,662	6,067	1,793	15,815	3,595
Street Lights Repaired	232	244	238	130	290	240	116	106	340	83
Street AC Resurfacing (SF)	-	-	-	-	-	-	-	-	347,550	328,716
PCC Driveway Approaches (SF)	-	-	-	-	-	-	-	-	-	856
PCC Cross Gutter/Spandrel	-	-	-	-	-	-	-	-	-	4,259
PCC ADA Ramps	-	-	-	-	-	-	-	-	-	31
Economic Development:										
Street Resurfacing (SF)	614,400	384,000	432,000	412,000	163,520	170,331	269,450	44,000	335,500	157,200
Building Permits	1,226	1,165	1,251	1,254	1,096	1,419	1,548	1,615	1,724	1,551
Planning Cases Submitted and Processed	372	412	410	414	466	543	680	655	538	474
Parks and Community Services:										
(Number of Participation)										
Youth Programs	3,809	44,990	66,766	51,032	53,511	50,122	45,010	50,800	58,463	69,796
Swim Program	11,987	10,203	17,818	8,918	31,963	11,577	7,915	N/A	N/A	N/A
Senior Citizen Programs	90,993	86,620	83,620	84,898	87,943	90,422	86,099	82,671	79,371	77,523
Contract Classes/Adult Programs	201,543	144,529	181,562	205,692	122,669	123,527	130,189	138,032	97,475	89,601
Community Center Rental Usages	23,896	20,434	19,665	18,457	17,496	15,765	12,730	12,391	10,561	10,038
Special Events	-	12,950	12,250	13,400	11,165	8,900	8,553	19,576	14,563	16,476
Dana Gym	-	-	4,100	58,200	9,846	18,496	19,563	20,168	13,295	28,869
Wilderness Park Classes & Rentals	-	-	-	5,958	5,670	5,959	5,729	5,871	5,488	5,011
Library:										
Books and other items total	184,827	191,139	196,905	203,460	206,020	204,642	205,658	205,107	200,980	259,000
Total Circulation	712,482	728,311	725,397	728,878	775,481	789,354	792,333	685,362	719,432	695,250
Water:										
Number of Water Accounts	13,670	13,990	13,665	13,728	14,011	14,021	13,651	13,942	13,659	14,114
Total Water Served to Direct Customer (AF)	17,257	16,703	14,261	13,500	14,988	15,495	15,704	15,325	11,089	11,801
Sewer:										
Sewer Cleaning (Miles)	152	155	246	142	187	227	226	227	224	168
Transit Services/Dial-A-Ride:										
Total Route Miles (round-trip)	261,757	268,743	272,719	258,992	263,844	292,742	296,004	251,420	243,873	295,991
Passengers	107,327	109,149	117,288	110,364	109,613	126,044	130,134	112,398	108,005	67,228

Source: Various City Departments

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

<u>Function/Program</u>	2008	2009	2010	2011	2012	Fiscal Year	2014	2015	2016	2017
						2013				
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	17	18	18	20	20	22	23	23	23	23
Motor Units	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	1,640	1,640	1,642	1,642	1,642	1,642
Traffic Signals	67	67	67	67	67	67	69	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	1
Water:										
Water Main (miles)	169	169	169	169	169	169	169	169	169	169
Fire Hydrants	1,497	1,420	1,427	1,506	1,529	1,530	1,534	1,539	1,542	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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