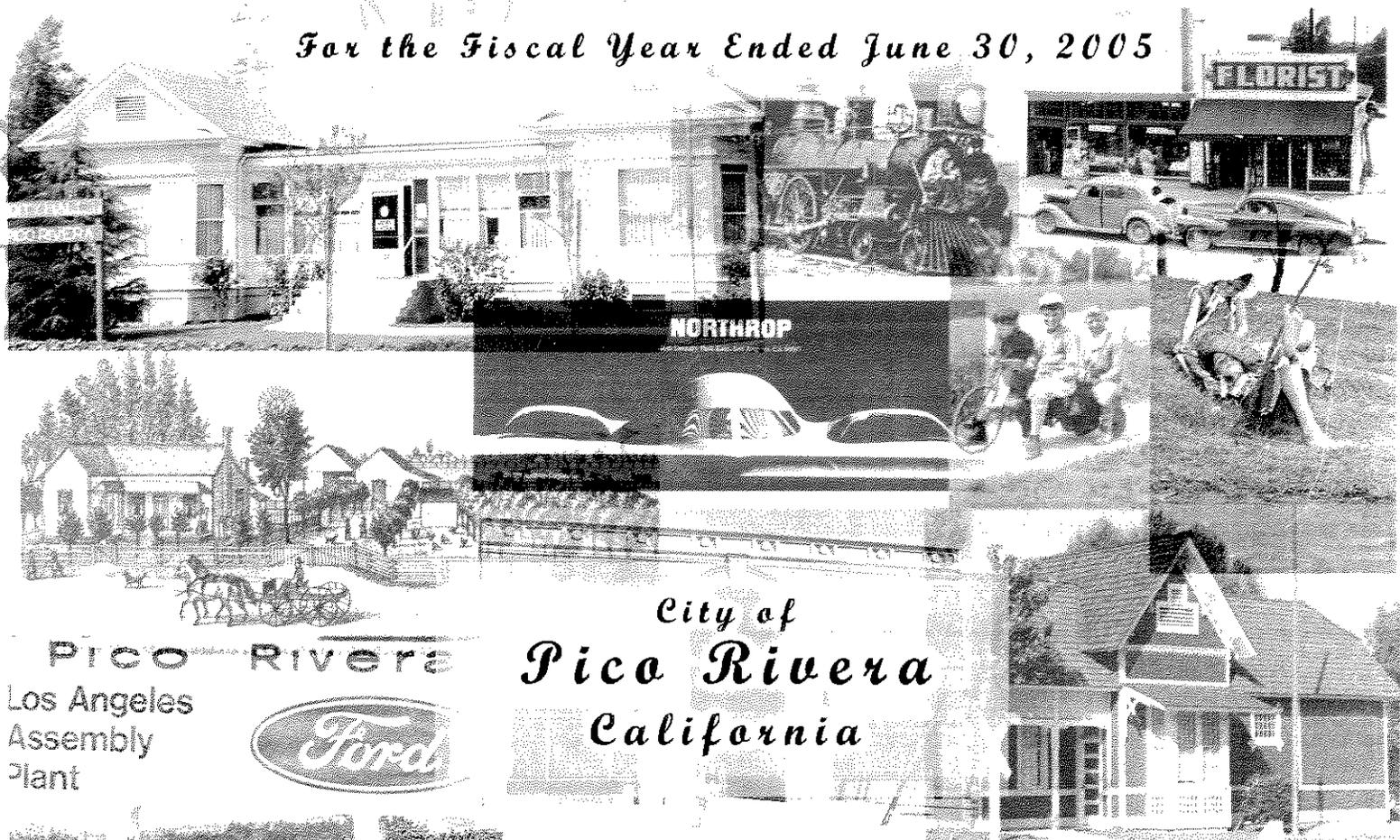




Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2005



Pico Rivera

City of
Pico Rivera
California

Los Angeles
Assembly
Plant



**CITY OF PICO RIVERA,
CALIFORNIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Prepared By

Department of Finance

CITY OF PICO RIVERA
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INTRODUCTORY SECTION



January 30, 2006

Honorable Mayor and City Council
City of Pico Rivera, California

CITY COUNCIL
CITY MANAGER

Submitted for your information and consideration is the Comprehensive Annual Financial Report (CAFR) of the City of Pico Rivera for the fiscal year ended June 30, 2005.

DAVID W. ARMENTA
MAYOR

E.A. "PETE" RAMIREZ
MAYOR PRO TEM

COUNCILMEMBERS
RONALD BEILKE
CARLOS A. GARCIA
GREGORY SALCIDO

CITY MANAGER
CHARLES P. FUENTES

Management's discussion and analysis (MD&A) is required supplementary information and provides information and analysis that users need to interpret the basic financial statements. This transmittal letter is designed to complement MD&A, and, therefore, should be read with it. The City's MD&A can be found immediately following the independent auditors' report.

Reporting Entity

The Comprehensive Annual Financial Report presents the financial status of the City and its component units. Although each component unit is a separate legal entity from the City, their respective financial operations are closely related thereto. This combined presentation better represents the financial activities of the City of Pico Rivera.

The following component units are reported on a blended basis as part of the primary government because their boards are comprised of all City Council members or they are, in substance, part of the City's operations:

CITY OF PICO RIVERA
P.O. BOX 1016
6615 PASSONS BLVD.
PICO RIVERA, CA
90660-1016

CITY COUNCIL
(562) 801-4371

CITY MANAGER
(562) 801-4368
FAX (562) 801-4765

E-MAIL:
SPENAG@PICO-RIVERA.ORG

WEBSITE:
WWW.PICO-RIVERA.ORG

City of Pico Rivera Redevelopment Agency (RDA)
Pico Rivera Housing Assistance Agency (PRHA)
Pico Rivera Public Financing Authority (PFA)
Pico Rivera Water Authority

Pico Rivera is a general law city and operates under a Council-Manager form of government. The City provides a full range of municipal services including public works, water, storm drainage, construction and maintenance of roads and highways, planning and zoning, recreation and cultural activities, and general administrative support. Police, fire, sewer and library services are provided by Los

Angeles County. The services provided by PRHA include low-moderate income housing assistance.

Local ordinances and state law require that the City issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the information and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed information is complete and reliable in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position of the City and its component units.

Economic Condition and Outlook

The City of Pico Rivera continues to face financial challenges. The year was started with low cash reserves; and costs of operations continued to increase. On the positive side, the City has experienced growth in its sales and property tax base resulting in increased revenues. Also, although the City lost some VLF revenues, these monies were received by the City in March of 2005.

In 2005, the City received some one time monies that increased the cash reserves to acceptable levels. The State relinquished Rosemead Boulevard to the City for \$5.9 million. Additional one time monies from the relinquishment of Whittier Blvd and the sale of land held for resale is expected for 2006.

During the 2005 – 2006 Budget process it was realized that changes needed to be made. In order to implement the greatest cost saving measures, a reorganization professional was hired to look at the City. His recommendations were to consolidate where possible and to eliminate where there was no other choice. He took into consideration retirements and other types of attrition as well as work being performed before recommendations were issued. In the end, a reorganization plan was implemented and 13 positions were eliminated with a cost savings of more that \$1.4 million.

As 2006 begins, the City continues to work “smarter” to deal with the ongoing financial issues. The City commissioned a cost study to

review all fees for services and to produce a cost allocation plan. As a result of the cost study the City increased some fees while reducing others thereby allowing a truer recovery of costs. The cost allocation plan will help us recoup more of our costs from some of our Federal and State grants. The City continues its efforts to boost revenues and reduce expenditures.

City Accomplishments and Initiatives

Major and noteworthy accomplishments during fiscal year 2005 are as follows:

- ◆ Dial-A-Ride rolled out three new buses to replace outdated buses which made up part of the Dial-A-Ride fleet. The replacement helped meet increasing rider ship as well as improve the quality and appearance of the popular transit service.
- ◆ The City added another officer to provide parking enforcement during the hours of 4:00 – 9:00 p.m. to assist in improving safety and maintaining quality of life for residents.
- ◆ Construction was finished on the Grove Villas, a five-unit single family housing development being built by TELACU Development. The luxury homes, all over 2,500 square feet in size on lots ranging from 4,860 to 9,155 square feet, were built on the site of the City's former Cultural Center on Orange Avenue. The City entered into a partnership with TELACU Development to provide much needed "move-up" housing for the community on this under-utilized parcel, which has been owned by the City since 1976 and was the former home of the Rivera Woman's Club.
- ◆ The City Council and the Pico Rivera Redevelopment Agency were given the green light for a new, 50-room hotel project on Whittier Boulevard. Scheduled for completion in 2007, the two-story hotel will generate about \$90,000 annually in utility and transient occupancy taxes.
- ◆ The City in collaboration with the Greater Los Angeles County Vector Control District, hosted a special community meeting to educate residents about the mosquito-borne virus and precautions they could take to safeguard themselves.

- ◆ The City teamed up with the Pico Rivera Veterans Council, which represents the community's four VFW and American Legion posts and their auxiliaries, to form the West Nile Awareness Task Force (WNATF). Also, this task force was filmed visiting neighborhoods as part of West Nile community outreach efforts. The documentary is scheduled to air on Japanese TV.
- ◆ The City of Pico Rivera has been recognized with three more awards for outstanding programs and services. The prestigious International Economic Development Council honored the Graffiti Awareness Campaign with an award in the Overall Marketing Campaigns.
- ◆ The City of Pico Rivera was also recognized with four national awards by the City-County Communications & Marketing Association (3CMA). The innovative anti-graffiti campaign received a Savvy Award, 3CMA's highest honor, after being judged the best campaign in the category of Crisis Communications Plans. In the category of External Publications, the City's monthly Profile, was recognized for the second year in a row with a Silver Circle Award as the runner-up best newsletter in the nation. The One Book, One City program and the Califormio Days both took awards.
- ◆ The City contracted with Southern California Edison to underground the utility lines and install new pedestrian lights on both the north and south sides of Whittier Boulevard from the western boundary to Paramount Boulevard.
- ◆ The "I'm Going to College" Program in cooperation with Shakey's Pizza sponsored a monthly Pizza Night during the 2004-2005 school year. The program began in September. "I'm Going to College" is a partnership between the City, the Pico Rivera Chamber of Commerce, El Rancho Unified School District and Rio Hondo College. It focuses on raising scholarship funds for students currently in the 7th, 8th, and 9th grades in the El Rancho Unified School District.
- ◆ The City was awarded a \$500,000 CalHOME Program grant from the State of California Department of Housing and Community Development. The City's application was one of only 54 approved by the Department. This will increase the number of homeowners who can take advantage of the City's low-interest Residential Rehabilitation Loan Program to make improvements to their homes.

Internal Controls

Management of the City of Pico Rivera is responsible for establishing and maintaining a system of internal controls. In developing and evaluating the City's accounting systems, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss, theft or misuse from unauthorized use or disposition and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits require estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Accounting System

This is the third year the City's Comprehensive Annual Financial Report (CAFR) is prepared in conformance with the new governmental financial reporting model established by the Governmental Accounting Standards Board's (GASB) statement No. 34, *Basis Financial Statements and Management's Discussion and Analysis – for State and Local Governments*.

GASB 34 represents a fundamental revision of governmental financial reporting model. One of the major changes is the presentation of two kinds of financial statements: Government-wide statements and Fund Statements.

Government-wide financial statements are consolidated financial statements for all of the City's operations on a full accrual basis of accounting. They are presented based on fiscal operations and organized into two major activities: governmental and business-type. They have a "net asset" focus. These are a new set of statements that are meant to reflect the City's fiscal operations in a similar manner to the private sector. Under these financial statements, the City is required to report capital fixed assets, including

infrastructure, net of related depreciation. However, the City is not required to comply with retroactive reporting of infrastructure until June 30, 2007. This will result in the future inclusion of additional infrastructure assets and an increased overall net asset value.

Fund statements continue to be presented. Traditionally, governmental agencies have presented their financial statements on the fund basis of accounting. One of the major changes that impact the City's financial presentation is the reporting of interfund borrowings. Interfund borrowings must be accounted for as assets and liabilities on the balance sheets of the respective funds. This will have the effect of reflecting long-term liabilities on fund balance sheets with an offsetting receivable in another fund. In the past, the long-term liability would not have been reflected in the fund balance sheet but rather would have been reflected in the general long-term debt account group. The impact is an increase in liabilities and therefore, a reduction in fund balance on such fund balance sheets.

Budgetary Controls

As a general law city within the State of California, the City of Pico Rivera is not legally required to adopt a budget. However, the City Council does review and adopt an annual budget prepared on the modified accrual basis of accounting and such budget is controlled at the overall fund level. The operating appropriations lapse at the fiscal year end unless specific written approval is obtained from the City Manager to carry over appropriations to the next fiscal year.

Cash Management

The City Treasurer is responsible for the cash management and investment program of the City. The City's investments are managed in compliance with the investment policy adopted by the City Council on November 19, 1984, reaffirmed annually and last updated July 5, 2005.

Risk Management

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority provides a joint protection

wherein cities pool their losses and claims jointly and purchase excess insurance and share administrative and related costs. The program includes both comprehensive liability and workers' compensation coverage for member cities.

Annual Audit

The accounting firm of Diehl, Evans & Company, LLP performed the annual independent audit. The annual audit is designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133. The auditor's report on the basic financial statements is included in the financial section of this report. Results of the Single Audit are reported separately.

Awards

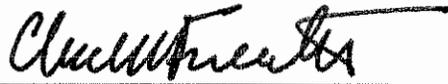
The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. Likewise, the California Society of Municipal Finance Officers (CSMFO) awards a Certificate of Award for Outstanding Financial Reporting. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting and CSMFO awarded a Certificate of Award for Outstanding Financial Reporting to the City of Pico Rivera for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. This marks the 12th consecutive year the City has received these awards. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such report must satisfy accounting principles generally accepted in the United States of America and applicable legal requirements.

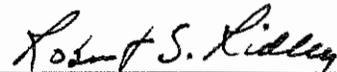
We believe that the current CAFR continues to conform to the award program requirements, and we are submitting it to both award programs.

Acknowledgments

The Department of Finance takes great pride in the preparation of this report. The professionalism, commitment and effort of each member of the Accounting Division have made this presentation possible. We also want to thank the members in other City departments who assisted in the preparation of this report. Finally, we thank you for your leadership and support as the governing body of the City.



Charles P. Fuentes
City Manager



Robert S. Ridley
Acting Director of Finance

CITY OF PICO RIVERA

CITY OFFICIALS

June 30, 2005

City Council

David W. Armenta, Mayor

E.A. "Pete" Ramirez, Mayor Pro Tem

Ron Beilke, Councilmember

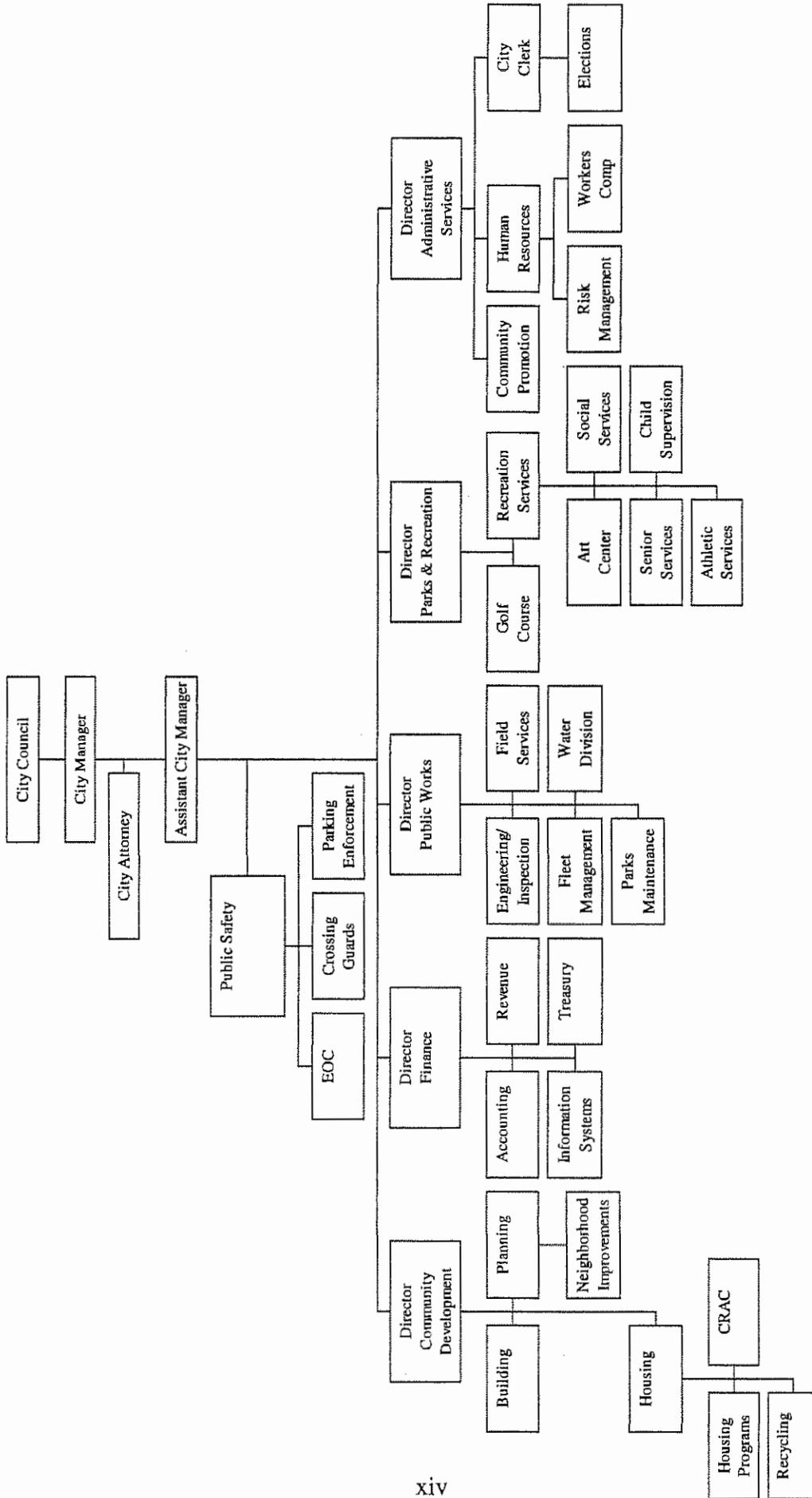
Carlos A. Garcia, Councilmember

Gregory Salcido, Councilmember

Administration and Department Heads

City Manager	Charles P. Fuentes
Assistant City Manager	Deborah R. Lopez
Acting Director of Public Works	Michael S. Moore
Acting Director of Finance	Robert S. Ridley
Director of Parks and Recreation	Patricia Bailey
Director of Community Development	David D. Hertzling
Director of Administrative Services	William P. Shannon

City of Pico Rivera Organizational Chart



California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2003-04

Presented to the

City of Pico Rivera

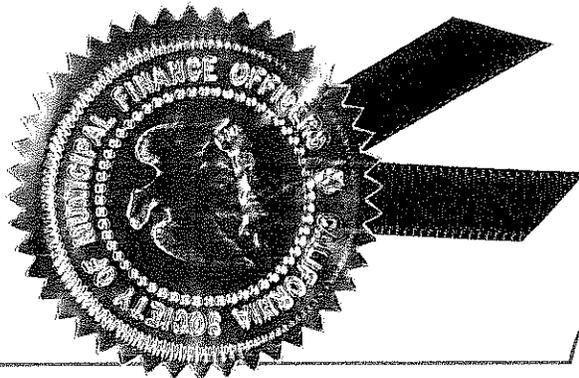
*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

February 24, 2005

William A. Shoop

Bill Thomas, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pico Rivera,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



DIEHL, EVANS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

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IRVINE, CALIFORNIA 92606-4956
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*THOMAS M. PERLOWSKI, CPA
*HARVEY J. SCHROEDER, CPA
KENNETH R. AMES, CPA

*A PROFESSIONAL CORPORATION

December 1, 2005

INDEPENDENT AUDITORS' REPORT

The Honorable City Council
of the City of Pico Rivera
Pico Rivera, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pico Rivera, California as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Pico Rivera's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Pico Rivera, California as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2005 on our consideration of the City of Pico Rivera's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pico Rivera California's basic financial statements. The introductory section, the combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Diehl, Evans and Company, LLP

CITY OF PICO RIVERA
Management's Discussion and Analysis
June 30, 2005

This section of the City's Comprehensive Annual Financial Report provides a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal and the City's financial statements.

FINANCIAL HIGHLIGHTS

Each year the City is confronted with fiscal challenges. The ongoing increase in costs and State takeaways were some of the most significant issues facing the City. This year the City continued to benefit from operating and capital grants, although considerably less than the prior year. Reliance on program revenue for funding of governmental activities creates a structural imbalance that is of concern. On a favorable note the general revenues of the City have increased. The recent completion of retail and commercial developments resulted in increased sales and property taxes. The comparisons in the discussion and analysis below are between 2004-05 and 2003-04. All increases and decreases are expressed relative to 2003-04 results. Fiscal year 2004-05 financial highlights include the following:

Citywide

- The City's total net assets decreased to \$13.7 million, a \$2.9 million decrease.
- The City's net assets invested in capital assets, net of related debt, increased to \$60.7 million, a \$1.3 million increase.
- The City's total restricted net assets decreased to \$15.9 million, a \$.4 million decrease.
- The City's total unrestricted net assets decreased to (\$62.9), a \$3.9 million decrease.
- Citywide revenues totaled \$51.3 million, a decrease of \$9.2 million from the prior year. This consists of \$22.0 million in program revenues and \$29.3 million in general revenues. Program revenues decreased by \$12.0 million while general revenues increased by \$2.8 million.
- Total citywide expenses were \$54.2 million, a \$4.5 million increase.
- Citywide total assets decreased to \$117.9, a \$2.6 million decrease.
- Citywide capital assets increased to \$82.7 million, a \$.7 million increase.
- Citywide other assets decreased to \$35.2 million, a \$1.9 million decrease.
- Citywide total liabilities were \$104.2 million, a \$.3 million increase.
- Citywide long term debt increased \$.2 million to \$95.3 million.
- Citywide other liabilities were \$8.8 million, a \$.07 million (\$70,000) increase.

See independent auditor's report.

CITY OF PICO RIVERA
Management's Discussion and Analysis
June 30, 2005

FINANCIAL HIGHLIGHTS (CONTINUED)

Fund Level – Governmental Funds

- Governmental Fund balances decreased to (\$32.5) million, a \$.9 million decrease.
- Governmental Fund revenues decreased to \$44.7 million, a \$.6 million decrease.
- Governmental Fund expenditures decreased to \$45.9 million, a \$.4 million decrease.
- General Fund revenues came in at \$22.2 million, an increase of \$2.2 million over prior year levels.
- General Fund expenditures were \$26.3 million, an increase of \$1.9 million.
- The General Fund balance of \$10.0 million at June 30, 2005 was a decrease of \$1.0 million from the prior year.

Fund Level – Enterprise Funds

- Enterprise Fund net assets decreased to \$30.2 million, a \$.2 million decrease.
- Enterprise Fund revenues increased to \$9.1 million, a \$.1 million increase.
- Enterprise Fund expenses increased to \$8.6 million, a \$.3 million increase.

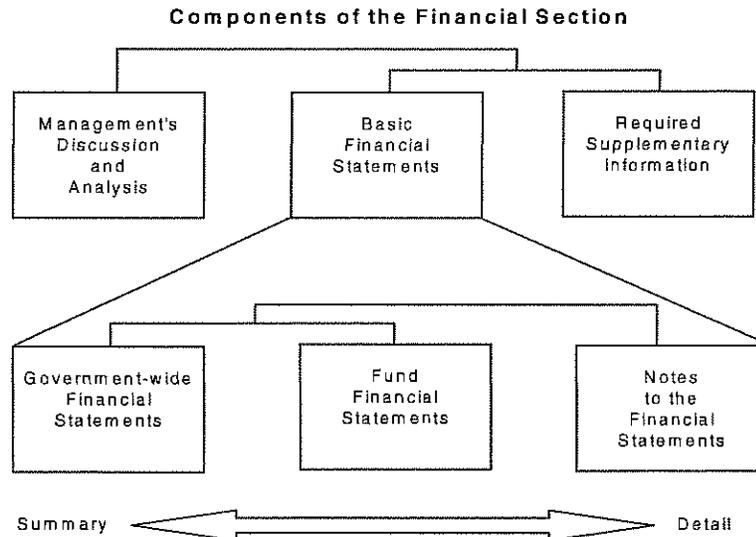
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - management's discussion and analysis (this portion), the basic financial statements, required supplementary information, and optional combining statements for other governmental funds, other enterprise funds, and agency funds. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

1) government-wide financial statements 2) fund financial statements and 3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

See independent auditor' report.

CITY OF PICO RIVERA
Management's Discussion and Analysis
June 30, 2005



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

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only affect 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). The governmental activities of the City include general government, public safety, public works, community development, recreation, non-departmental, and interest on long-term debt.

The government-wide financial statements include not only the City itself (known as the primary government), but also three legally separate entities, the Pico Rivera Redevelopment Agency, the Pico Rivera Water Authority, and the Pico Rivera Financing Authority. The City is financially accountable for these entities and financial information for these blended component units is reported within the financial information presented for the primary government itself.

The government-wide financial statements can be found beginning on page 17 of this report.

See independent auditor' report.

CITY OF PICO RIVERA
Management's Discussion and Analysis
June 30, 2005

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 City's funds 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 the City's near-term financial 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 City's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 30 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Housing Agency and State Relinquishment Special Revenue Funds, Debt Service Fund, and the Capital Improvement and Redevelopment Agency Capital Projects Funds, each of which are considered to be major funds. Data from the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining statements in the other governmental funds supplementary information section of this report.

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

The governmental fund financial statements can be found beginning on page 22 of this report.

Proprietary Funds. The City maintains several proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the Pico Rivera Water Authority Fund, Pico Rivera Water Enterprise Fund, Pico Rivera Sports Arena Fund, Stables Fund, Campground Fund, and the Pico Rivera Golf Course Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among a City's various self-supporting functions. The City does not use any internal service funds at this time.

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Fund Financial Statements (Continued).

Proprietary Funds (Continued). Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Pico Rivera Water Authority Fund and Pico Rivera Water Enterprise Fund are aggregated and presented as a major fund in the financial statements. Individual fund data for the other proprietary funds is provided in the form of combining statements in the supplementary information section of this report.

The proprietary fund financial statements can be found beginning on page 29 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on page 34 of this report.

Notes to the Basic Financial Statements. The notes to the basic financial statements provide additional information that is essential to 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 35 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the comparison of budgeted to actual results for the general and major special revenue funds. Required supplementary information can be found beginning on page 73 of this report.

The combining statements referred to earlier in connection with other governmental funds and other enterprise funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on page 86 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City of Pico Rivera is presenting its financial statements under the new reporting model required by GASB 34. This report model changes significantly both the recording and presentation of financial data. As this is the third year under this model, prior year information is shown along with the current year for comparative analysis of government-wide data.

See independent auditor' report.

CITY OF PICO RIVERA
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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Table 1
Statement of Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Assets:						
Current and other assets	\$ 26,812,533	28,207,271	\$ 8,385,489	8,863,965	\$ 35,198,022	37,071,236
Internal balances	(33,802,835)	(34,346,926)	33,802,835	34,346,926	-	-
Capital assets	33,352,038	33,656,761	49,334,096	49,803,830	82,686,134	83,460,591
Total assets	26,361,736	27,517,106	91,522,420	93,014,721	117,884,156	120,531,827
Liabilities:						
Current and other liabilities	7,781,409	7,585,957	1,117,194	1,242,563	8,898,603	8,828,520
Long-term liabilities	35,082,672	33,714,976	60,234,573	61,365,831	95,317,245	95,080,807
Total liabilities	42,864,081	41,300,933	61,351,767	62,608,394	104,215,848	103,909,327
Net assets:						
Invested in capital assets, net of related debt	32,697,038	32,381,761	27,994,096	27,034,162	60,691,134	59,415,923
Restricted	11,439,231	11,708,700	4,449,323	4,532,993	15,888,554	16,241,693
Unrestricted	(60,638,614)	(57,874,288)	(2,272,766)	(1,160,828)	(62,911,380)	(59,035,116)
Total net assets	\$ (16,502,345)	(13,783,827)	\$ 30,170,653	30,406,327	\$ 13,668,308	16,622,500

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In this case, City's assets exceeded liabilities by \$13,668,308 at June 30, 2005 and by \$16,622,500 at June 30, 2004.

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CITY OF PICO RIVERA
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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An important component of net assets is capital assets (e.g., land, buildings, infrastructure, furniture and equipment, etc.), net of related debt. The City's investment in capital assets is \$60,691,134. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City's restricted net assets of \$15,888,554 represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City has a negative balance in unrestricted net assets. The requirements for implementing GASB 34 allow Cities of our size up to four additional years to analyze and value all City infrastructure. This will result in the future inclusion of additional infrastructure assets and an increased overall net asset value.

Governmental and Business-type Activities. Governmental and Business-type activities decreased the City's net assets by \$2,954,192 thereby accounting for the 17% decrease in the net assets of the City. Key elements of this decrease are as follows:

- The City general revenues increased by \$2.8 million, the largest increase being \$2.5 in sales and uses taxes received. Most of the remaining increase was spread across property taxes, franchise fees, and utility user fees.
- Program revenues decreased by \$12.0 largely because these tend to be one time revenues. For example \$5,993,000 was received from the State for the relinquishment of Rosemead Boulevard in the prior year causing \$6.0 million of the decrease this year. Of note is that \$2.8 million for the State relinquishment of Whittier Blvd. was received in 2005-06. The Economic Development Administration funding was also of this nature for \$4.6 million. The \$1.4 balance of the decrease was made up of numerous smaller variances.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

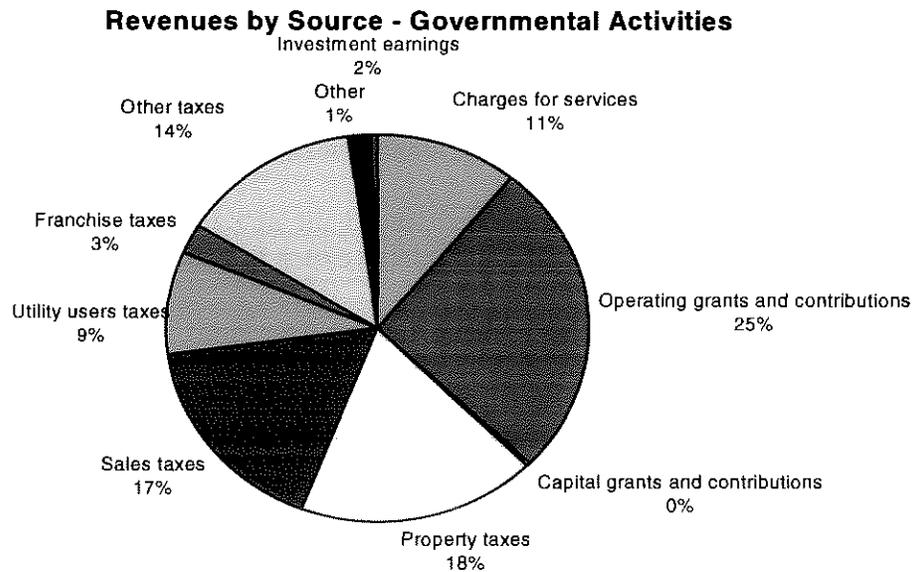
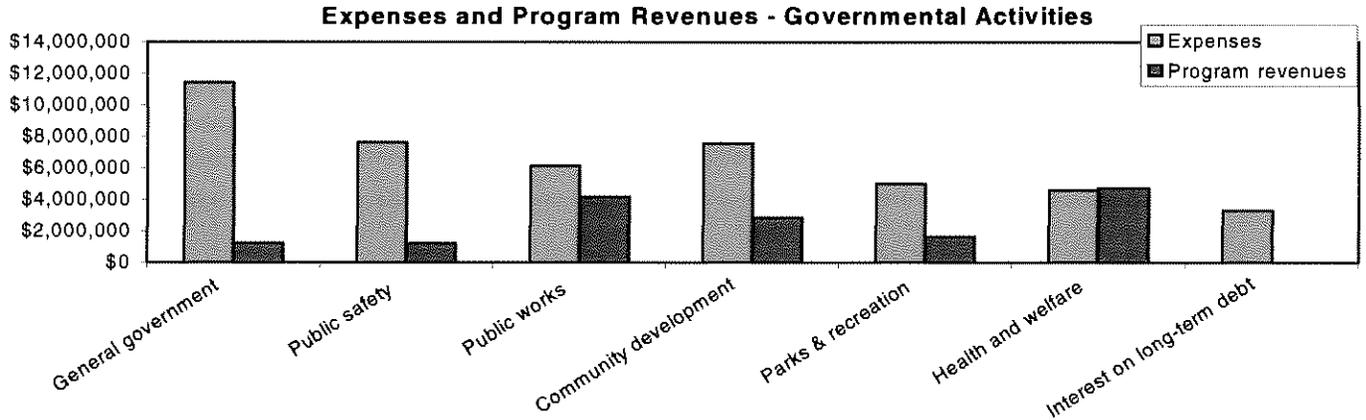
Table 2
Statement of Activities

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services	\$ 4,570,939	5,428,214	\$ 6,192,055	6,058,092	\$ 10,762,994	11,486,306
Operating grants and Contributions	11,065,958	16,606,780	-	-	11,065,958	16,606,780
Capital grants and Contributions	182,808	5,948,509	-	-	182,808	5,948,509
General revenues:						
Property taxes	7,759,956	8,612,137	-	-	7,759,956	8,612,137
Sales and use taxes	7,059,294	4,550,735	-	-	7,059,294	4,550,735
Utility users taxes	3,620,239	3,352,796	-	-	3,620,239	3,352,796
Franchise taxes	1,109,691	979,546	-	-	1,109,691	979,546
Other taxes	5,789,985	5,769,778	-	-	5,789,985	5,769,778
Unrestricted investment earnings	757,285	225,790	2,935,534	2,928,702	3,692,819	3,154,492
Miscellaneous	237,184	83,906	-	-	237,184	83,906
Total revenue	<u>42,153,339</u>	<u>51,558,191</u>	<u>9,127,589</u>	<u>8,986,794</u>	<u>51,280,928</u>	<u>60,544,985</u>
Expenses:						
General govt.	11,428,626	9,080,334	-	-	11,428,626	9,080,334
Pub. Safety	7,623,674	7,152,034	-	-	7,623,674	7,152,034
Public works	6,126,234	5,555,980	-	-	6,126,234	5,555,980
Comm. Develop.	7,558,819	6,364,158	-	-	7,558,819	6,364,158
Parks & rec services	4,981,564	5,385,664	-	-	4,981,564	5,385,664
Health and welfare	4,579,545	4,777,727	-	-	4,579,545	4,777,727
Interest and fiscal charges	3,309,305	3,125,937	-	-	3,309,305	3,125,937
Enterprise operations	-	-	8,627,353	8,323,086	8,627,353	8,323,086
	<u>45,607,767</u>	<u>41,441,834</u>	<u>8,627,353</u>	<u>8,323,086</u>	<u>54,235,120</u>	<u>49,764,920</u>
Increase (decrease) in net assets before transfers	(3,454,428)	10,116,357	500,236	663,708	(2,954,192)	10,780,065
Transfers	735,910	1,100,906	(735,910)	(1,100,906)	-	-
Increase in net assets	(2,718,518)	11,217,263	(235,674)	(437,198)	(2,954,192)	10,780,065
Net assets, July 1, 2004						
Restated	<u>(13,783,827)</u>	<u>(25,001,090)</u>	<u>30,406,327</u>	<u>30,843,525</u>	<u>16,622,500</u>	<u>5,842,435</u>
Net assets, June 30, 2005	\$ <u>(16,502,345)</u>	<u>(13,783,827)</u>	\$ <u>30,170,653</u>	<u>30,406,327</u>	\$ <u>13,668,308</u>	<u>16,622,500</u>

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FINANCIAL ANALYSIS OF THE CITY'S FUNDS



As noted earlier, the City's uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

See independent auditor's report.

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FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Fund Financial Statements

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

As of June 30, 2005, the City's governmental funds reported combined ending fund deficit of \$32,482,514. The City's governmental funds report a negative \$46,288,491 in its unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$159,528), 2) to reflect amounts due from other funds that are long term in nature and thus do not represent available spendable resources (\$9,708,846), 3) for prepaids and deposits (\$83,376), 4) for funds designated for Low and Moderate income housing activities (\$1,557,268), and 5) for property held for resale (\$2,296,959).

Introduction. The Fund Financial Statements are presented by individual major funds, while non-major funds are combined in a single column. Major Funds are defined generally as having significant activities or balances in the current year.

Major Governmental Funds. The funds described below were determined to be Major Funds by the City in fiscal year 2004-05. Individual non-major funds may be found in the Supplemental section.

General Fund. The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds, and related expenditures.

Housing Agency Fund (A special revenue fund). The Housing Agency Fund accounts for rental assistance expenditures to assist low and very low income families with their housing needs.

State Relinquishment Fund (A special revenue fund). The State Relinquishment Fund accounts for funds received from the California Department of Transportation for maintenance of Rosemead Blvd.

Debt Service Fund. The Debt Service Fund accounts for the resources accumulated and payment made for principal and interest on long-term obligation debt of the governmental funds.

Capital Improvement Fund. The Capital Improvement Fund is a capital improvements fund that accounts for all capital expenditures not accounted for in the capital projects of the Redevelopment Agency.

Redevelopment Agency Fund. The Redevelopment Agency Capital Projects Fund accounts for the financial resources to be used for property acquisition, improvement, and rehabilitation within project areas authorized under provisions of the California Community Redevelopment Law.

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FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Please refer to pages 22 and 23 for the Balance Sheet of Governmental Funds, page 25 for the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets, pages 26 and 27 for the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds, and page 28 for the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was a negative (\$481,113) while the total fund balance reached \$9,971,839. General fund balance represents 37% of total general fund expenditures of \$26,296,467.

The fund balance of the City's General Fund decreased by \$994,507 during the current fiscal year. Key factors of this decrease are as follows:

- Expenditures exceeded revenues by \$4,130,752.
- Transfers in exceeded transfers out by \$3,128,314.

General Fund Budgetary Highlights

- Actual revenues exceeded budgeted revenues by a net of \$1,495,015. Four of the larger favorable variances were intergovernmental revenues of \$1,497,246, fines and forfeitures of \$354,768, and licenses and permits of \$297,573. This was offset by a negative variance in miscellaneous revenues of \$705,302. Miscellaneous revenues fell short of budget for three reasons. First, a management fee was to be charged to each capital project and was not. \$80,000 of "sick leave reduction" is actually reflected in citywide savings of expenditure accounts across the whole organization. Lastly, \$200,000 in insurance refund was recorded in the prior year.
- Actual expenditures were below budget expenditures by \$1,527,221 due to favorable variances for general government of \$1,111,331, parks and recreation of \$285,008, public works of \$195,078 offset by unfavorable variances for public safety of \$62,116 and interest and charges of \$2,080.
- Total other financing sources (uses) had cumulative unfavorable variances of \$2,341,318. \$1,859,300 of this was Redevelopment Agency sales tax expected to be transferred to the City which was not due to the Agency not having sufficient cash.

Housing Agency. The Housing Agency special revenue fund has an ending fund balance of \$409,866, a \$2,997 decrease from the prior year.

State Relinquishment Fund. The State Relinquishment Fund has an ending balance of \$5,468,384. This fund represents the one time funding received from the California Department of Transportation for the maintenance of Rosemead Boulevard. The decrease in fund balance of \$524,616 represents the net of \$83,000 of investment revenue and utilization of \$608,000 for street repairs.

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FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Debt Service Fund. The Debt Service Fund represents the debt owed to Pico Rivera Water Authority for their investment in the Redevelopment Agency 2001 Revenue Bonds. The ending fund balance of (\$36,313,781) represents a net decrease of \$694,558 in the amount owed from the prior year.

Capital Improvement Fund. The Capital Improvement Fund has an ending balance of (\$38,304) and is usually a smaller fund balance as funds are transferred into this fund from another funding source as funds are expended. In 2004-05 approximately \$1.4 million of capital improvements were made.

Redevelopment Agency Capital Improvements Fund. The ending fund balance of (\$20,875,015) represents a decrease of \$694,558 from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental activities amounts to \$33,352,038 (net of accumulated depreciation of \$9,717,896) as of June 30, 2005. This investment in capital assets includes land, buildings, structures and improvements, infrastructure (roads, sidewalks, streetlights, etc.), furniture and equipment and construction in progress.

Table 3
Capital Assets
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 2,459,160	2,459,160	\$ 18,174,825	18,174,825	\$ 20,633,985	20,633,985
Buildings, Structures And Improvements	21,665,536	17,646,716	5,457,447	5,268,916	27,122,983	22,915,632
Vehicles, Machinery And Equipment	7,348,351	6,879,490	1,122,194	1,150,004	8,470,545	8,029,494
Utility Plant	-	-	27,365,589	27,365,589	27,365,589	27,365,589
Infrastructure	10,584,892	451,190	3,588,332	3,588,332	14,173,224	4,039,522
Construction-in- Progress	1,011,995	15,163,258	-	-	1,011,995	15,163,258
Total	43,069,934	42,599,814	55,708,387	55,547,666	98,778,321	98,147,480
Less: Accum Depreciation	(9,717,896)	(8,943,053)	(6,374,291)	(5,743,836)	(16,092,187)	(14,686,889)
Net	\$ <u>33,352,038</u>	<u>33,656,761</u>	\$ <u>49,334,096</u>	<u>49,803,830</u>	\$ <u>82,686,134</u>	<u>83,460,591</u>

Additional information on the City's capital assets can be found in note 5 to the basic financial statements on pages 53 through 56 of this report.

See independent auditor' report.

CITY OF PICO RIVERA
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CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued). Major capital asset events during the current fiscal year included the following:

Governmental activities:

- Construction in Progress additions of \$1,860,925 and completions of \$16,012,188 in capital projects. These completions represent the cumulative expenditure over several years of projects completed; including EDA Projects-Town Center \$8,337,000, Rio Hondo Park Rehab \$3,590,000, Computer Systems Upgrade (including Questys) \$556,000, Miscellaneous Streets \$725,000, and \$1,147,000 of Redevelopment Agency Projects.

Business-type activities:

- Construction of water system improvements costing \$188,531, retirement of \$27,810 of equipment, and depreciation totaling \$650,540.

Debt Administration. At June 30, 2005, the City had total bonded debt outstanding of \$60,230,000. Of this amount, \$59,855,000 represents revenue bonds to finance the initial lease payment under the terms of a capital lease between the City and the Water Authority and to purchase Redevelopment Agency tax allocation bonds. The remaining \$375,000 represents the remaining principal on General Obligation Bonds issued to pay the City's obligation due to the aerospace sales tax rebate liability.

Table 4
Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Bonded indebtedness:						
General Obligation Bonds	\$ 375,000	725,000	\$ -	-	\$ 375,000	725,000
Revenue Bonds	-	-	59,855,000	60,975,000	59,855,000	60,975,000
Bond premium	-	-	949,952	989,810	949,952	989,810
Bond discount	-	-	(678,836)	(705,544)	(678,836)	(705,544)
Other long-term debt:						
Los Angeles County deferrals	33,724,853	31,794,940	-	-	33,724,853	31,794,940
Section 108 Loan	280,000	550,000	-	-	280,000	550,000
Compensated absences	702,819	645,036	108,457	106,565	811,276	751,601
Total	\$ 35,082,672	33,714,976	\$ 60,234,573	61,365,831	\$ 95,317,245	95,080,807

See independent auditor's report.

CITY OF PICO RIVERA
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CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued). Additional information on the City's debt can be found in note 6 to the basic financial statements on pages 56 through 61 of this report.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City is \$466,832,273, which is significantly in excess of the City's outstanding general obligation debt. See note 6 on page 54.

Proprietary Funds. City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail

Enterprise Funds. Total net assets of the enterprise funds totaled \$30,170,653 and total decrease in net assets for these funds was \$235,674 for the year ended June 30, 2005.

Internal Service Funds. The City does not use internal service funds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Community Development activities of the City have been very successful. The impact of the Pico Rivera Towne Center and other developments is shown through increases in sales tax revenues and assessed property valuations. In 2003/04 sales tax increased over \$1.2 million or 23.6%. In 2004/05 however, sales tax revenues increased very slightly from the previous year levels of \$6.7 million. The assessed valuations for the completed Towne Center were expected to hit the tax rolls for 2004-2005 and in fact citywide assessed valuations increased \$350,000,000 or 12.6%. The Towne Center, now open, has over 40 new retailers and restaurants, including a Walmart, Lowe's, Staples, Ross, Borders Bookstore and Marshall's. The Krikorian Theatre Complex with restaurants and retail has begun development.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for readers of the financial statements. Questions concerning any of the information in this report or request for additional financial information should be addressed to the Director of Finance, Pico Rivera, California.

See independent auditor' report.

CITY OF PICO RIVERA

STATEMENT OF NET ASSETS

June 30, 2005

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments (Note 2)	\$ 15,515,812	\$ 950,551	\$ 16,466,363
Cash and investments with fiscal agent (Note 2)	204,998	4,449,323	4,654,321
Receivables, net			
Accounts	2,336,559	779,584	3,116,143
Interest	417,119	5,301	422,420
Taxes	1,705,398	-	1,705,398
Internal balances	(33,802,835)	33,802,835	-
Inventories	-	89,343	89,343
Prepays and deposits	34,376	57,795	92,171
Deferred charges	-	2,053,592	2,053,592
Long-term receivables	4,301,312	-	4,301,312
Land held for resale	2,296,959	-	2,296,959
Capital assets, not depreciated (Note 5)	3,471,155	18,174,825	21,645,980
Capital assets, depreciated, net (Note 5)	29,880,883	31,159,271	61,040,154
TOTAL ASSETS	26,361,736	91,522,420	117,884,156
LIABILITIES:			
Accounts payable	2,417,318	190,968	2,608,286
Accrued liabilities	554,940	37,795	592,735
Deposits	741,966	488,857	1,230,823
Interest payable	9,416	399,574	408,990
Unearned revenue	94,115	-	94,115
Payable to grantors	3,963,654	-	3,963,654
Long-term liabilities (Note 6):			
Due within one year	725,282	1,200,846	1,926,128
Due in more than one year	34,357,390	59,033,727	93,391,117
TOTAL LIABILITIES	42,864,081	61,351,767	104,215,848
NET ASSETS:			
Invested in capital assets, net of related debt	32,697,038	27,994,096	60,691,134
Restricted for:			
Capital improvements	3,433,306	-	3,433,306
Community development	2,401,101	-	2,401,101
Debt service	150,112	4,449,323	4,599,435
Special purposes	5,454,712	-	5,454,712
Unrestricted	(60,638,614)	(2,272,766)	(62,911,380)
TOTAL NET ASSETS (DEFICIT)	\$ (16,502,345)	\$ 30,170,653	\$ 13,668,308

See independent auditors' report and notes to financial statements.

CITY OF PICO RIVERA

STATEMENT OF ACTIVITIES

For the year ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 11,428,626	\$ 701,685	\$ 535,825	\$ -
Public safety	7,623,674	1,087,334	131,628	-
Public works	6,126,234	1,066,636	3,060,031	36,005
Parks and recreation	4,981,564	675,995	973,434	-
Health and welfare	4,579,545	147,329	4,559,945	-
Community development	7,558,819	891,960	1,805,095	146,803
Interest and fiscal charges	3,309,305	-	-	-
Total governmental activities	45,607,767	4,570,939	11,065,958	182,808
Business-type activities:				
Water	7,737,301	5,294,063	-	-
Sports Arena	62,916	118,189	-	-
Stables	26,214	12,000	-	-
Campground	42,556	-	-	-
Golf	758,366	767,803	-	-
Total business-type activities	8,627,353	6,192,055	-	-
Total	\$ 54,235,120	\$ 10,762,994	\$ 11,065,958	\$ 182,808

General revenues:

Taxes:

- Property
- Sales and use
- Franchise
- Utility users
- Other

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets (deficit) - beginning of year,
as restated (Note 15)

Net assets (deficit) - end of year

See independent auditors' report and notes to financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (10,191,116)	\$ -	\$ (10,191,116)
(6,404,712)	-	(6,404,712)
(1,963,562)	-	(1,963,562)
(3,332,135)	-	(3,332,135)
127,729	-	127,729
(4,714,961)	-	(4,714,961)
(3,309,305)	-	(3,309,305)
<u>(29,788,062)</u>	<u>-</u>	<u>(29,788,062)</u>
-	(2,443,238)	(2,443,238)
-	55,273	55,273
-	(14,214)	(14,214)
-	(42,556)	(42,556)
-	9,437	9,437
<u>-</u>	<u>(2,435,298)</u>	<u>(2,435,298)</u>
<u>(29,788,062)</u>	<u>(2,435,298)</u>	<u>(32,223,360)</u>
7,759,956	-	7,759,956
7,059,294	-	7,059,294
1,109,691	-	1,109,691
3,620,239	-	3,620,239
5,789,985	-	5,789,985
757,285	2,935,534	3,692,819
237,184	-	237,184
735,910	(735,910)	-
<u>27,069,544</u>	<u>2,199,624</u>	<u>29,269,168</u>
(2,718,518)	(235,674)	(2,954,192)
<u>(13,783,827)</u>	<u>30,406,327</u>	<u>16,622,500</u>
<u>\$ (16,502,345)</u>	<u>\$ 30,170,653</u>	<u>\$ 13,668,308</u>

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CITY OF PICO RIVERA

DESCRIPTION OF MAJOR FUNDS

June 30, 2005

GOVERNMENTAL FUNDS

The General Fund is the City's primary operating fund and accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The Housing Agency Special Revenue Fund accounts for rental assistance expenditures incurred to assist very low and low income families in meeting their housing needs. Funds are provided by the U.S. Department of Housing and Urban Development.

The State Relinquishment Special Revenue Fund accounts for funds received from the California Department of Transportation for maintenance of Rosemead Boulevard.

The Debt Service Fund accounts for the resources accumulated and payment made for principal and interest on long-term general obligation debt of governmental funds.

The Capital Improvement Capital Projects Fund accounts for all capital expenditures not being accounted for in the capital projects of the Redevelopment Agency, or in other fund types.

The Redevelopment Agency Capital Projects Fund accounts for the financial resources to be used for property acquisition, improvement, and rehabilitation within project areas authorized under provisions of the California Community Redevelopment Law.

ENTERPRISE FUND

The Water Operations accounts for the operation and maintenance of the City's water treatment, water transmission and distribution system.

See independent auditors' report.

CITY OF PICO RIVERA

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2005

	ASSETS	Special Revenue Funds		
		General	Housing Agency	State Relinquishment
Cash and investments		\$ -	\$ 474,823	\$ 2,556,326
Receivables:				
Accounts		980,152	1,263	-
Taxes		697,710	-	-
Interest		2,262	2,190	29,011
Prepays and deposits		89,376	-	-
Due from other funds		2,056,882	-	2,884,374
Restricted cash and investments		-	45,470	-
Long-term receivables		-	58,444	-
Advances to other funds		24,999,589	-	-
Land held for resale		-	-	-
TOTAL ASSETS		\$ 28,825,971	\$ 582,190	\$ 5,469,711
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ 1,907,625	\$ 45,984	\$ 1,327
Accrued liabilities		485,364	42,264	-
Due to other funds		-	25,632	-
Deposits		796,966	-	-
Deferred revenue		15,664,177	58,444	-
Advances from other funds		-	-	-
TOTAL LIABILITIES		18,854,132	172,324	1,327
FUND BALANCES (DEFICITS):				
Reserved		10,452,952	-	-
Unreserved reported in:				
General fund		(481,113)	-	-
Special revenue funds		-	409,866	5,468,384
Debt service funds		-	-	-
Capital projects funds		-	-	-
TOTAL FUND BALANCES (DEFICITS)		9,971,839	409,866	5,468,384
TOTAL LIABILITIES AND FUND BALANCES		\$ 28,825,971	\$ 582,190	\$ 5,469,711

See independent auditors' report and notes to financial statements.

Debt Service	Capital Projects Funds		Other Governmental Funds	Total Governmental Funds
	Capital Improvement	Redevelopment Agency		
\$ -	\$ 82,192	\$ 1,438,108	\$ 10,964,363	\$ 15,515,812
-	305	400	1,354,439	2,336,559
35,647	-	958,111	13,930	1,705,398
-	-	11,236	372,420	417,119
-	-	-	-	89,376
-	-	-	-	4,941,256
159,528	-	-	-	204,998
-	-	643,496	3,599,372	4,301,312
-	-	-	-	24,999,589
-	-	2,296,959	-	2,296,959
<u>\$ 195,175</u>	<u>\$ 82,497</u>	<u>\$ 5,348,310</u>	<u>\$ 16,304,524</u>	<u>\$ 56,808,378</u>
\$ -	\$ 120,801	\$ 27,811	\$ 313,770	\$ 2,417,318
-	-	13,498	13,814	554,940
-	-	2,068,790	2,244,173	4,338,595
-	-	-	-	796,966
-	-	1,217,097	4,838,270	21,777,988
36,508,956	-	22,896,129	-	59,405,085
<u>36,508,956</u>	<u>120,801</u>	<u>26,223,325</u>	<u>7,410,027</u>	<u>89,290,892</u>
159,528	-	3,860,896	-	14,473,376
-	-	-	-	(481,113)
-	-	-	9,113,826	14,992,076
(36,473,309)	-	-	-	(36,473,309)
-	(38,304)	(24,735,911)	(219,329)	(24,993,544)
<u>(36,313,781)</u>	<u>(38,304)</u>	<u>(20,875,015)</u>	<u>8,894,497</u>	<u>(32,482,514)</u>
<u>\$ 195,175</u>	<u>\$ 82,497</u>	<u>\$ 5,348,310</u>	<u>\$ 16,304,524</u>	<u>\$ 56,808,378</u>

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CITY OF PICO RIVERA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2005

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund balances (deficit) for governmental funds		\$(32,482,514)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	\$ 43,069,934	
Less accumulated depreciation	<u>(9,717,896)</u>	33,352,038
Interest on long-term debt, not due and payable in the current period, is not reported in the funds.		(9,416)
Long-term loans receivable are not available to pay for current-period expenditures and accordingly are deferred in the governmental funds. In the Statement of Net Asset these receivables are recognized as earned revenues.		17,720,219
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Compensated absences	\$ (702,819)	
General obligation debt	(375,000)	
County deferral	(33,724,853)	
Notes payable (Section 108 HUD)	<u>(280,000)</u>	<u>(35,082,672)</u>
Net assets (deficit) of governmental activities		<u><u>\$(16,502,345)</u></u>

See independent auditors' report and notes to financial statements.

CITY OF PICO RIVERA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended June 30, 2005

	General	Special Revenue Funds	
		Housing Agency	State Relinquishment
REVENUES:			
Taxes and assessment	\$ 9,688,804	\$ -	\$ -
Licenses and permits	2,929,773	-	-
Intergovernmental	6,733,046	4,445,194	-
Charges for services	956,753	-	-
Fines, forfeitures and penalties	1,022,768	-	-
Investment and rental	319,473	8,491	83,165
Miscellaneous	515,098	10,029	-
TOTAL REVENUES	22,165,715	4,463,714	83,165
EXPENDITURES:			
Current:			
General government	10,054,952	-	-
Public safety	7,619,608	-	-
Public works	4,141,722	-	7,781
Parks and recreation	4,094,105	-	-
Health and welfare	-	4,466,711	-
Community development	-	-	-
Pass through to other agencies	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	350,000	-	-
Interest and fiscal charges	36,080	-	-
TOTAL EXPENDITURES	26,296,467	4,466,711	7,781
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,130,752)	(2,997)	75,384
OTHER FINANCING SOURCES (USES):			
Sale of capital assets	7,931	-	-
Transfers in (Note 3)	3,346,109	-	-
Transfers out (Note 3)	(217,795)	-	(600,000)
TOTAL OTHER FINANCING SOURCES (USES)	3,136,245	-	(600,000)
NET CHANGE IN FUND BALANCES	(994,507)	(2,997)	(524,616)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	10,966,346	412,863	5,993,000
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 9,971,839	\$ 409,866	\$ 5,468,384

See independent auditors' report and notes to financial statements.

Debt Service	Capital Projects Funds		Other Governmental Funds	Total Governmental Funds
	Capital Improvement	Redevelopment Agency		
\$ 6,231,111	\$ -	\$ 2,842,761	\$ 1,040,472	\$ 19,803,148
-	-	-	-	2,929,773
-	-	-	5,884,215	17,062,455
-	-	-	55,404	1,012,157
-	-	-	-	1,022,768
12,435	-	234,519	712,143	1,370,226
-	5,704	372,914	604,328	1,508,073
<u>6,243,546</u>	<u>5,704</u>	<u>3,450,194</u>	<u>8,296,562</u>	<u>44,708,600</u>
75,791	-	765,325	2,041	10,898,109
-	-	-	-	7,619,608
-	-	-	1,399,977	5,549,480
-	-	-	815,289	4,909,394
-	-	-	112,834	4,579,545
-	-	815,096	1,719,659	2,534,755
3,652,231	-	-	-	3,652,231
-	1,413,521	-	223,187	1,636,708
-	-	-	270,000	620,000
2,833,821	-	1,013,463	26,534	3,909,898
<u>6,561,843</u>	<u>1,413,521</u>	<u>2,593,884</u>	<u>4,569,521</u>	<u>45,909,728</u>
<u>(318,297)</u>	<u>(1,407,817)</u>	<u>856,310</u>	<u>3,727,041</u>	<u>(1,201,128)</u>
-	-	(394,967)	-	(387,036)
1,012,855	1,414,380	160,000	302,673	6,236,017
-	-	(1,315,528)	(3,366,784)	(5,500,107)
<u>1,012,855</u>	<u>1,414,380</u>	<u>(1,550,495)</u>	<u>(3,064,111)</u>	<u>348,874</u>
694,558	6,563	(694,185)	662,930	(852,254)
<u>(37,008,339)</u>	<u>(44,867)</u>	<u>(20,180,830)</u>	<u>8,231,567</u>	<u>(31,630,260)</u>
<u>\$ (36,313,781)</u>	<u>\$ (38,304)</u>	<u>\$ (20,875,015)</u>	<u>\$ 8,894,497</u>	<u>\$ (32,482,514)</u>

CITY OF PICO RIVERA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2005

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

Net change in fund balances - total governmental funds \$ (852,254)

Governmental funds report capital outlays as expenditures. However, in the statement activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital expense in the current period:

Capital expenditures	\$ 2,186,891	
Disposition of capital assets	(1,684,152)	
Depreciation expense	<u>(807,462)</u>	(304,723)

County deferral is reported as intergovernmental revenue in governmental funds and contributes to the change in fund balance. In the government-wide financial statements, obtaining debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. (1,838,013)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Interest income on notes receivable	\$ 683,559	
Rubbish revenue	(65,065)	
Motor vehicle taxes	(856,488)	
Sales tax	576,649	
Capital grants and contributions	<u>(400,000)</u>	(61,345)

Collection of long-term receivables are treated as an asset reduction in the statement of net assets but recorded as revenues in the governmental funds.

Receivable from developer on rehabilitation project (141,434)

The issuance of long term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. These amounts are the net effect of these differences in the treatment of long-term debt and related items:

Principal payments 620,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Interest on county deferral	\$ (91,900)	
Interest on bonds and notes payable	8,934	
Net change in compensated absences	<u>(57,783)</u>	<u>(140,749)</u>

Change in net assets of governmental activities \$ (2,718,518)

See independent auditors' report and notes to financial statements.

CITY OF PICO RIVERA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

June 30, 2005

	Business-type Activities - Enterprise Funds		
	Water Operations	Other Funds	Total
ASSETS			
CURRENT ASSETS:			
Cash and investments	\$ 835,003	\$ 115,548	\$ 950,551
Receivables, net:			
Accounts	777,517	2,067	779,584
Interest	4,802	499	5,301
Deposits	46,110	11,685	57,795
Inventories, at cost	67,116	22,227	89,343
TOTAL CURRENT ASSETS	<u>1,730,548</u>	<u>152,026</u>	<u>1,882,574</u>
NONCURRENT ASSETS:			
Restricted cash and investments	4,449,323	-	4,449,323
Advances to other funds	371,800	-	371,800
Advances to Redevelopment Agency	36,508,956	-	36,508,956
Deferred charges	2,053,592	-	2,053,592
Capital assets, not depreciated	18,131,750	43,075	18,174,825
Capital assets, depreciated, net	28,906,696	2,252,575	31,159,271
TOTAL NONCURRENT ASSETS	<u>90,422,117</u>	<u>2,295,650</u>	<u>92,717,767</u>
TOTAL ASSETS	<u>92,152,665</u>	<u>2,447,676</u>	<u>94,600,341</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	164,015	26,953	190,968
Accrued interest payable	399,574	-	399,574
Accrued liabilities	30,423	7,372	37,795
Due to other funds	-	602,661	602,661
Deposits	488,857	-	488,857
Bonds payable	1,190,000	-	1,190,000
Compensated absences	8,990	1,856	10,846
TOTAL CURRENT LIABILITIES	<u>2,281,859</u>	<u>638,842</u>	<u>2,920,701</u>
NONCURRENT LIABILITIES:			
Advances from other funds	-	2,475,260	2,475,260
Bonds payable	58,936,116	-	58,936,116
Compensated absences	80,905	16,706	97,611
TOTAL NONCURRENT LIABILITIES	<u>59,017,021</u>	<u>2,491,966</u>	<u>61,508,987</u>
TOTAL LIABILITIES	<u>61,298,880</u>	<u>3,130,808</u>	<u>64,429,688</u>
NET ASSETS			
Invested in capital assets, net of related debt	25,698,446	2,295,650	27,994,096
Restricted for debt service	4,449,323	-	4,449,323
Unrestricted	706,016	(2,978,782)	(2,272,766)
TOTAL NET ASSETS (DEFICIT)	<u>\$ 30,853,785</u>	<u>\$ (683,132)</u>	<u>\$ 30,170,653</u>

See independent auditors' report and notes to financial statements.

CITY OF PICO RIVERA

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For the year ended June 30, 2005

	Business-type Activities - Enterprise Funds		
	Water Operations	Other Funds	Total
OPERATING REVENUES:			
Charges for services	\$ 5,216,307	\$ 841,898	\$ 6,058,205
Other revenues	74,950	56,094	131,044
TOTAL OPERATING REVENUES	5,291,257	897,992	6,189,249
OPERATING EXPENSES:			
Salaries and benefits	1,277,812	342,593	1,620,405
Contractual services	128,010	47,908	175,918
Administrative	1,031,268	78,118	1,109,386
Utilities	225,743	100,701	326,444
Maintenance and supplies	910,250	83,027	993,277
Amortization	83,082	-	83,082
Depreciation	475,166	175,374	650,540
TOTAL OPERATING EXPENSES	4,131,331	827,721	4,959,052
OPERATING INCOME	1,159,926	70,271	1,230,197
NONOPERATING REVENUES (EXPENSES):			
Investment income	2,933,883	1,651	2,935,534
Gain on sale of capital assets	2,806	-	2,806
Interest expense	(3,605,970)	(62,331)	(3,668,301)
TOTAL NONOPERATING REVENUES (EXPENSES)	(669,281)	(60,680)	(729,961)
INCOME BEFORE TRANSFERS	490,645	9,591	500,236
TRANSFERS OUT	(413,648)	(322,262)	(735,910)
CHANGE IN NET ASSETS	76,997	(312,671)	(235,674)
TOTAL NET ASSETS (DEFICIT) - BEGINNING OF YEAR	30,776,788	(370,461)	30,406,327
TOTAL NET ASSETS (DEFICIT) - END OF YEAR	\$ 30,853,785	\$ (683,132)	\$ 30,170,653

See independent auditors' report and notes to financial statements.

CITY OF PICO RIVERA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2005

	Business-type Activities - Enterprise Funds		
	Water Operations	Other Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 5,094,393	\$ 899,074	\$ 5,993,467
Payments to suppliers	(1,894,173)	(139,841)	(2,034,014)
Payments to employees	(1,310,308)	(373,943)	(1,684,251)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,889,912	385,290	2,275,202
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Received from other funds	-	67,956	67,956
Paid to other funds	(413,648)	(422,262)	(835,910)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(413,648)	(354,306)	(767,954)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(188,531)	-	(188,531)
Proceeds from sale of capital assets	10,532		10,532
Principal retired	(1,120,000)	-	(1,120,000)
Interest paid	(3,626,479)	-	(3,626,479)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(4,924,478)	-	(4,924,478)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments received on advances to RDA	625,000	-	625,000
Interest received	2,819,815	1,439	2,821,254
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,444,815	1,439	3,446,254
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,399)	32,423	29,024
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,287,725	83,125	5,370,850
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,284,326	\$ 115,548	\$ 5,399,874

(Continued)

See independent auditors' report and notes to financial statements.

CITY OF PICO RIVERA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (CONTINUED)

For the year ended June 30, 2005

	Business-type Activities - Enterprise Funds		
	Water Operations	Other Funds	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 1,159,926	\$ 70,271	\$ 1,230,197
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	475,166	175,374	650,540
Amortization	83,082	-	83,082
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivables	(178,636)	1,082	(177,554)
(Increase) decrease in deposits	437,321	157,025	594,346
(Increase) decrease in inventories	9,312	1,397	10,709
Increase (decrease) in accounts payable	(45,535)	11,491	(34,044)
Increase (decrease) in accrued liabilities	(49,058)	(16,680)	(65,738)
Increase (decrease) in deposits payable	(18,228)	-	(18,228)
Increase (decrease) in compensated absences	16,562	(14,670)	1,892
TOTAL ADJUSTMENTS	729,986	315,019	1,045,005
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,889,912	\$ 385,290	\$ 2,275,202
NONCASH INVESTING AND FINANCING ACTIVITIES:			
Changes in advances related to accrued interest	\$ 15,600	\$ 62,331	\$ 77,931

See independent auditors' report and notes to financial statements.

CITY OF PICO RIVERA

DESCRIPTION OF AGENCY FUND

June 30, 2005

The Agency Fund accounts for assets held by the City as an agent for bond assessment districts. The Agency Fund is as follows:

The Assessment District 95-1 Improvement Fund accounts for monies received for the payment of the Special Assessment Bonds. Funds are annually assessed to each respective property owner by the Los Angeles County Tax Collector and remitted to the City.

CITY OF PICO RIVERA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND

June 30, 2005

	<u>Assessment District 95-1 Improvement Agency Fund</u>
ASSETS	
Cash and investments	<u>\$ 40,787</u>
LIABILITIES	
Due to bondholders	<u>\$ 40,787</u>

See independent auditors' report and notes to financial statements

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES:

A. Description of the Reporting Entity:

The City of Pico Rivera (the City) was incorporated in January 1958 under the general laws of the State of California. The City is a full-service city and operates under a Council-Manager form of government.

The Pico Rivera Redevelopment Agency (RDA) was established pursuant to the State of California Health and Safety Code, Section 33000 entitled Community Redevelopment Law. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the project area, as amended.

The Pico Rivera Public Financing Authority was formed for the purpose of purchasing bonds issued by the RDA for financing public capital improvements or projects whenever there are significant public benefits as determined by the RDA.

The Pico Rivera Water Authority was formed as a joint powers authority between the City and the RDA. Its purpose is to assist the City in its financing objectives by leasing and financing improvements to the City's water supply and distribution system.

The Pico Rivera Housing Assistance Agency was formed to provide safe and sanitary dwelling accommodations in the City to low and moderate - income individuals.

The criteria used in determining the scope of the reporting entity are based on the provisions of Government Accounting Standards Board (GASB) Statement 14. The City of Pico Rivera is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit provides a financial benefit or imposes a financial burden on the City. Separate financial statements of the Redevelopment Agency and Water Authority may be obtained at City Hall.

The RDA, Agency and Authorities have been accounted for as "blended" component units of the City. Despite being legally separate, these entities are so intertwined with the City that they are, in substance, part of the City's operations. Accordingly, the balances and transactions of the RDA, Agency and Authorities are reported within the funds of the City. The Water Authority is reported as an enterprise fund and the other component units as governmental funds.

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Description of the Reporting Entity (Continued):

The following specific criteria were used in determining that the RDA, Agency and Authorities are blended component units.

- The members of the City Council also act as the governing body of the RDA, Agency and the Authorities.
- The RDA, Agency and Authorities are managed by employees of the City. A portion of the City's salary and overhead expenses are billed to the Agency each year.
- The City and RDA are financially interdependent. The City makes loans to the Agency to use for redevelopment purposes. Available property tax revenues of the Agency are used to repay the loans from the City.

The City's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America 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 City's more significant accounting policies are described below.

B. Government-wide and Fund Financial Statements:

The statement of net assets and statement activities (i.e., the government-wide financial statements) display information on all of the nonfiduciary activities of the primary government (the City) and its blended component units. Eliminations have been made to minimize the effect of interfund activity. These statements distinguish between the City's governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each segment of the City's business-type activities. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the functions or programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Operating expenses for proprietary funds include the cost 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on long-term liabilities, claims payable, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

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

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the last is excluded from the government-wide financial statements.

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

Private sector standards of accounting and financial reporting issued prior to December 1 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Housing Agency Special Revenue Fund accounts for rental assistance expenditures incurred to assist very low and low income families in meeting their housing needs. Funds are provided by the U.S. Department of Housing and Urban Development.

The State Relinquishment Special Revenue Fund accounts for funds received from the California Department of Transportation for maintenance of Rosemead Boulevard.

The Debt Service Fund accounts for the resources accumulated and payment made for principal and interest on long-term general obligation debt of governmental funds.

The Capital Improvement Capital Projects Fund accounts for all capital expenditures not being accounted for in the capital projects of the Redevelopment Agency, or in other fund types.

The Redevelopment Agency Capital Projects Fund accounts for the financial resources to be used for property acquisition, improvement, and rehabilitation within project areas authorized under provisions of the California Community Redevelopment Law.

The City reports the following major enterprise funds:

The Water Operations Fund accounts for the operation and maintenance of the City's water treatment, water transmission and distribution system.

Additionally, the City reports the following fund types:

Governmental Funds:

Special Revenue Funds account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):

Governmental Funds (Continued):

Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities.

Proprietary Funds:

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

Fiduciary Funds:

The Agency Fund accounts for assets held by the City as an agent for bonded assessment districts.

D. Investments:

Investments are recorded at fair value (quoted market price or best available estimate thereof). Interest earned on cash and investments is credited to the fund, which holds the investment.

E. Property Taxes:

Property taxes include assessments on both secured and unsecured property. Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments by December 10 and April 10. The County of Los Angeles bills and collects the property taxes and remits them to the City in installments during the year. The City records property taxes as revenue when received from the County, except for property taxes received within 60 days after fiscal year-end, which are accrued at June 30th.

The County is permitted by State Law (Article XIII A of the California Constitution) to levy taxes at one percent (1%) of full market value (at the time of purchase) and can increase the property's value at no more than two percent (2%) per year. The City receives a share of this basic levy.

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. Receivables:

Property, sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year-end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available. Earned but unbilled revenue is recognized as revenue and accounts receivable in the enterprise funds.

G. Interfund Transactions:

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". The principal portion of advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs costs, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers.

H. Inventories and Prepaid Items:

Inventories are recorded as expenditures when consumed rather than when purchased. These inventories are valued at the lower of average cost or market and consist of expendable materials and supplies.

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

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Inventories and Prepaid Items (Continued):

Inventories and prepaid items, as reported in the fund financial statements, are offset by a reservation of fund balance in governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

I. Restricted Assets:

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

J. Capital Assets:

Capital assets, which include lands, buildings, improvements, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded at the lower of actual historical cost or fair market value (as of the date donated for contributed assets). The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Building and structures	40 years
Improvements other than buildings	40 years
Furniture and equipment	Up to 25 years
Infrastructure	Up to 50 years

It is the City's policy to capitalize all land, building, improvements and equipment with an estimated useful life greater than one year, except assets costing less than \$5,000, and to capitalize infrastructure assets costing \$50,000 or more. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale.

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Capital Assets (Continued):

The City has elected to apply the transition provision for retroactive reporting of infrastructure assets. The statement of net assets includes all capitalized infrastructure expenditures for the year ended June 30, 2005. Infrastructure-related expenditures of the City prior to fiscal year ended June 30, 2004 are not included in the statement of net assets.

K. Land Held for Resale:

The City's Redevelopment Agency has acquired land in its project areas that is categorized as land held for resale. Such land is carried at the lower of acquisition cost or fair value.

L. Compensated Absences:

Employees accrue vacation, sick and holiday benefits. An employee may accumulate vacation time of up to 240 hours. Sick pay vests and may be accumulated up to 100 days. An employee with accumulated sick leave at the end of the fiscal year may elect to receive cash payment for earned sick leave up to 81 hours. The amount of sick leave paid is deducted from the employee's total accumulation.

All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. Deferred Revenues:

Deferred revenues in governmental funds arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them (e.g., when grant monies are received prior to the incurrence of qualifying expenditures).

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

N. Long-term Obligations:

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

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

O. Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative plans by City Management for future use of financial resources.

P. Statement of Cash Flows:

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash and not subject to significant changes in value from interest rate fluctuations.

Q. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

2. CASH AND INVESTMENTS:

Cash and investments at June 30, 2005 are classified in the accompanying financial statements as follows:

	Government- Wide Statement of <u>Net Assets</u>	Fiduciary <u>Fund</u>	<u>Total</u>
Cash and investments	\$ 16,466,363	\$ 40,787	\$ 16,507,150
Cash and investments with fiscal agent	<u>4,654,321</u>	<u>-</u>	<u>4,654,321</u>
	<u>\$ 21,120,684</u>	<u>\$ 40,787</u>	<u>\$ 21,161,471</u>

Cash and investments at June 30, 2005 consisted of the following:

Demand accounts (overdraft)	\$ (485,334)
Petty cash	4,400
Investments	<u>21,642,405</u>
Total Cash and investments	<u>\$ 21,161,471</u>

Investments Authorized by the California Government Code and the City's Investment Policy:

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by the California Government Code and the City's Investment Policy (Continued):

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Bills, Bonds and Notes	5 years	40%	None
U.S. Government Sponsored Enterprise Securities	5 years	40%	None
Banker's Acceptances Notes	180 days	30%	15%
Commercial Paper	270 days	20%	None
Certificates of Deposits	5 years	None	None
Repurchase Agreements	1 year	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 40,000,000

N/A - Not Applicable

Investments Authorized by Debt Agreements:

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized for funds held by bond trustee include, U.S. Treasury Obligations, U.S. Government Sponsored Enterprise Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Banker's Acceptance, Money Market Mutual Funds, Investment Contracts and Repurchase Agreements. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment, except for the maturity of Banker's Acceptance which are limited to one year.

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued):

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	Remaining Maturity (in Months) 12 Months or Less
Local Agency Investment Fund	\$ 16,045,033
U.S. Government Sponsored Enterprise Securities Held by Bond Trustee:	988,520
Money Market Mutual Funds	<u>4,608,852</u>
	<u>\$ 21,642,405</u>

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, as reported by Standard and Poor's, as of year end for each investment type:

<u>Investment Type</u>	Total as of June 30, 2005	Minimum Legal Rating	AAA	Unrated
Local Agency Investment Fund	\$ 16,045,033	N/A	\$ -	\$ 16,045,033
U.S. Government Sponsored Enterprise Securities Held By Bond Trustee:	988,520	N/A	988,520	-
Money Market Mutual Funds	<u>4,608,852</u>	A	<u>4,608,852</u>	<u>-</u>
Total	<u>\$ 21,642,405</u>		<u>\$ 5,597,372</u>	<u>\$ 16,045,033</u>

N/A - Not Applicable

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

2. CASH AND INVESTMENTS (CONTINUED):

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments. As of June 30, 2005, the City's deposits with financial institutions in excess of Federal Depository insurance limits are held in collateralized accounts. The City had no investments that are held by the safekeeping department of the broker-dealer (counterparty) used by the City to buy the securities.

Investment in Local Agency Investment Fund:

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of June 30, 2005, is as follows:

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Housing Agency Special Revenue Fund	\$ 25,632
	Redevelopment Agency Capital Projects Fund	2,031,250
State Relinquishment Special Revenue Fund	Redevelopment Agency Capital Projects Fund	37,540
	Other Governmental Funds	2,244,173
	Other Enterprise Funds	<u>602,661</u>
		<u>\$ 4,941,256</u>

The amounts loaned from the General Fund and the State Relinquishment Special Revenue Fund to the Redevelopment Agency Capital Projects Fund, Other Governmental Funds and Other Enterprise Funds are short-term loans to fund operations of the various funds.

Advances To/From:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Redevelopment Agency Capital Projects Fund (1)	\$ 22,524,329
	Other Enterprise Funds	2,475,260
Water Enterprise Fund	Debt Service Fund (2)	36,508,956
	Redevelopment Agency Capital Projects Fund	<u>371,800</u>
		<u>\$ 61,880,345</u>

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED):

Advances To/From (Continued):

- (1) The City has an agreement with the Pico Rivera Redevelopment Agency providing for the advance of funds to finance improvements and operations relating to and within the Agency's project areas. The Agency accrues interest on the original advances at a rate of 12% per annum. At June 30, 2005, the City has advanced \$22,524,329 including accrued interest of \$13,698,155, which is included in the advance balance.
- (2) In January 2001, the Water Authority used the proceeds of its Revenue Bonds, Series 2001 issue (Note 6) to purchase the Redevelopment Agency's Tax Allocation Bonds, Series 2001 issue for \$38,020,100, which was recorded by the Agency as advances from the Water Authority. Principal and interest payments on the advance are scheduled to cover and coincide with the Authority's debt service requirements on its Revenue Bonds, Series 2001. At June 30, 2005, the Water Authority's advances to the Redevelopment Agency amounted to \$36,508,956 (including accrued interest of \$226,362). The Agency's tax allocation refunding bonds are recorded as an advance from the Authority and the debt service requirements, which cover and coincide with the Authority's debt service requirements on its Revenue Bonds, Series 2001, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 670,000	\$ 2,692,900	\$ 3,362,900
2007	715,000	2,644,425	3,359,425
2008	765,000	2,592,625	3,357,625
2009	820,000	2,537,150	3,357,150
2010	880,000	2,477,650	3,357,650
2011-2015	5,400,000	11,340,000	16,740,000
2016-2020	7,585,000	9,088,625	16,673,625
2021-2025	10,635,000	5,928,825	16,563,825
2026-2030	7,525,000	2,518,425	10,043,425
2031-2033	<u>3,810,000</u>	<u>411,950</u>	<u>4,221,950</u>
	<u>\$ 38,805,000</u>	<u>\$ 42,232,575</u>	<u>\$ 81,037,575</u>

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED):

Advances To/From (Continued):

(2) Continued:

At June 30, 2005, the balance of the advance from the Water Authority to the Redevelopment Agency is comprised of the following:

Outstanding balance on revenue bonds	\$ 38,805,000
Less: Unamortized revenue bond discount	(2,522,406)
Plus: Accrued unpaid interest	<u>226,362</u>
	<u>\$ 36,508,956</u>

Transfers In/Out:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General	Capital Improvement Capital Projects Fund (1)	\$ 217,795
State Relinquishment Special Revenue Fund	General Fund (4)	600,000
Redevelopment Agency Capital Projects Fund	Debt Service Funds (2) Other Governmental Funds (3)	1,012,855 302,673
Other Governmental Funds	General Fund (4) Capital Improvement Capital Projects Fund (1) Redevelopment Agency Capital Projects Fund (1)	2,010,199 1,196,585 160,000
Water Enterprise Fund	General Fund (4)	413,648
Other Enterprise Funds	General Fund (4)	<u>322,262</u> <u>\$ 6,236,017</u>

Interfund transfers were principally used to (1) provide capital projects funds with the funding necessary to accomplish those projects approved by City Council, (2) to cover debt service payments, (3) to provide for matching requirement of HOME funds, and (4) reimburse the General Fund for expenditures.

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

4. LONG-TERM RECEIVABLES:

- A. Loans receivable consist of low interest and no interest home improvement loans made from Community Development Block Grant Funds to qualified low-income homeowners. The low interest loans are payable in monthly installments over a period of 1 to 20 years. Those loans earning no interest are payable in one lump sum at the time the property is sold or refinanced. Payments received on these loans (principal and interest) are reloaned on a revolving basis under the home improvements program. Loans outstanding at June 30, 2005 totaled \$381,781.
- B. Low interest Home Improvement Loans were made under the City's Home Loan Program. These loans shall be due and payable in full when the borrower's legal interest in the property, which is security for the loan, is sold, transferred or conveyed. The balance at June 30, 2005 is \$3,217,591.
- C. Low interest down-payment assistance loans made under the City's Section 8 Program. These loans are due and payable in full when the borrower's legal interest in the property, which is security for the loan, is sold, transferred or conveyed. The balance at June 30, 2005 is \$58,444.
- D. Two low-interest loans were issued by the Pico Rivera Redevelopment Agency for a commercial rehabilitation project. The loans bear interest rates from 1% to 3% and payments on these loans are to begin in ten to twenty-six years from the date of the loan. The amount of the loans outstanding at June 30, 2005 is \$435,000.
- E. Low interest commercial improvement loans were issued by the Redevelopment Agency for façade improvements. The loans are payable in monthly installments over a ten-year period. The balance of these loans at June 30, 2005 is \$113,496.
- F. Home Improvement Loans. The Pico Rivera Redevelopment Agency has provided a home improvement program to low and moderate income households. These loans are payable to the Agency in ten years or when borrower sells their property, whichever comes first. The total outstanding balance as of June 30, 2005 was \$95,000.
- G. A lease receivable is recorded in the City's Water Enterprise Fund. The lease is the remainder still due to the City from the sale of the Water Enterprise to the Water Authority. The Water Authority will pay off this lease from surplus revenues over the 50-year life of the lease ending April 1, 2049. Payments will vary with the level of surplus revenues. The balance of the lease at June 30, 2005 is \$20,667,347. The lease receivable and capitalized lease obligation have been eliminated as internal balances in the statement of net assets.

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

5. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2005 was as follows:

Governmental Activities:

	Balance at July 1, 2004 (Restated - See Note 15)	Additions	Deletions	Balance at June 30, 2005
Capital assets, not being depreciated:				
Land	\$ 2,459,160	\$ -	\$ -	\$ 2,459,160
Construction in progress	<u>15,163,258</u>	<u>1,860,925</u>	<u>(16,012,188)</u>	<u>1,011,995</u>
Total capital assets, not being depreciated	<u>17,622,418</u>	<u>1,860,925</u>	<u>(16,012,188)</u>	<u>3,471,155</u>
Capital assets, being depreciated:				
Structures and improvements	17,646,716	4,018,820	-	21,665,536
Furniture and equipment	6,879,490	501,480	(32,619)	7,348,351
Infrastructure	<u>451,190</u>	<u>10,133,702</u>	<u>-</u>	<u>10,584,892</u>
Total capital assets, being depreciated	<u>24,977,396</u>	<u>14,654,002</u>	<u>(32,619)</u>	<u>39,598,779</u>
Less accumulated depreciation for:				
Structures and improvements	(4,169,037)	(290,649)	-	(4,459,686)
Furniture and equipment	(4,774,016)	(505,533)	32,619	(5,246,930)
Infrastructure	<u>-</u>	<u>(11,280)</u>	<u>-</u>	<u>(11,280)</u>
Total accumulated depreciation	<u>(8,943,053)</u>	<u>(807,462)</u>	<u>32,619</u>	<u>(9,717,896)</u>
Total capital assets, being depreciated, net	<u>16,034,343</u>	<u>13,846,540</u>	<u>-</u>	<u>29,880,883</u>
Governmental activities capital assets, net	<u>\$ 33,656,761</u>	<u>\$ 15,707,465</u>	<u>\$ (16,012,188)</u>	<u>\$ 33,352,038</u>

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

5. CAPITAL ASSETS (CONTINUED):

Governmental Activities (Continued):

Depreciation expense was charged to functions of the governmental activities as follows:

General government	\$ 283,705
Public safety	4,066
Public works	214,268
Parks and recreation	292,664
Community development	<u>12,759</u>
Total depreciation expense - governmental activities	<u>\$ 807,462</u>

Business-type Activities:

	Water Operations Enterprise Fund	Other Enterprise Funds	Total
Land and water rights	\$ 18,131,750	\$ 43,075	\$ 18,174,825
Structures and improvements	915,892	4,541,555	5,457,447
Utility plant in service	27,365,589	-	27,365,589
Equipment	241,136	881,058	1,122,194
Infrastructure	<u>2,970,903</u>	<u>617,429</u>	<u>3,588,332</u>
	49,625,270	6,083,117	55,708,387
Less accumulated depreciation	<u>(2,586,824)</u>	<u>(3,787,467)</u>	<u>(6,374,291)</u>
Business-type activities capital assets, net	<u>\$ 47,038,446</u>	<u>\$ 2,295,650</u>	<u>\$ 49,334,096</u>

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

5. CAPITAL ASSETS (CONTINUED):

Business-type Activities (Continued):

	Balance at <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2005</u>
Capital assets, not being depreciated:				
Land	\$ 18,174,825	\$ -	\$ -	\$ 18,174,825
Capital assets, being depreciated				
Structures and improvements	5,268,916	188,531	-	5,457,447
Utility plant in service	27,365,589	-	-	27,365,589
Equipment	1,150,004	-	(27,810)	1,122,194
Infrastructure	<u>3,588,332</u>	<u>-</u>	<u>-</u>	<u>3,588,332</u>
Total capital assets, being depreciated	<u>37,372,841</u>	<u>188,531</u>	<u>(27,810)</u>	<u>37,533,562</u>
Less accumulated depreciation for:				
Structures and improvements	(2,439,008)	(126,756)	-	(2,565,764)
Utility plan in service	(1,768,258)	(367,048)	-	(2,135,306)
Equipment	(838,461)	(91,814)	20,085	(910,190)
Infrastructure	<u>(698,109)</u>	<u>(64,922)</u>	<u>-</u>	<u>(763,031)</u>
Total accumulated depreciation	<u>(5,743,836)</u>	<u>(650,540)</u>	<u>20,085</u>	<u>(6,374,291)</u>
Total capital assets, being depreciated, net	<u>31,629,005</u>	<u>(462,009)</u>	<u>(7,725)</u>	<u>31,159,271</u>
Business-type activities capital assets, net	<u>\$ 49,803,830</u>	<u>\$ (462,009)</u>	<u>\$ (7,725)</u>	<u>\$ 49,334,096</u>

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

5. CAPITAL ASSETS (CONTINUED):

Business-type Activities (Continued):

Depreciation expense was charged to functions of the business-type activities as follows:

Water Operations	\$ 475,166
Sports Arena	48,918
Stables	10,702
Campground	31,722
Golf Course	<u>84,032</u>
Total depreciation expense- Business-type activities	<u>\$ 650,540</u>

6. LONG-TERM LIABILITIES:

Changes in long-term liabilities activity for the year ended June 30, 2005, was as follows:

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
Governmental activities:					
County deferral	\$31,794,940	\$ 1,929,913	\$ -	\$ 33,724,853	\$ -
General obligation bonds	725,000	-	(350,000)	375,000	375,000
Section 108 loan	550,000	-	(270,000)	280,000	280,000
Compensated absences	<u>645,036</u>	<u>142,159</u>	<u>(84,376)</u>	<u>702,819</u>	<u>70,282</u>
Total	<u>\$33,714,976</u>	<u>\$ 2,072,072</u>	<u>\$ (704,376)</u>	<u>\$ 35,082,672</u>	<u>\$ 725,282</u>
Business-type activities:					
Revenue bonds payable	\$60,975,000	\$ -	\$(1,120,000)	\$ 59,855,000	\$ 1,190,000
Add (Less):					
Bond premium	989,810	-	(39,858)	949,952	-
Bond discount	<u>(705,544)</u>	<u>-</u>	<u>26,708</u>	<u>(678,836)</u>	<u>-</u>
Subtotal revenue bonds payable	61,259,266	-	(1,133,150)	60,126,116	1,190,000
Compensated absences	<u>106,565</u>	<u>28,490</u>	<u>(26,598)</u>	<u>108,457</u>	<u>10,846</u>
Total	<u>\$61,365,831</u>	<u>\$ 28,490</u>	<u>\$(1,159,748)</u>	<u>\$ 60,234,573</u>	<u>\$ 1,200,846</u>

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities:

A. County Deferral:

The Agency and County entered into an agreement whereby the County will defer tax increment (County Deferral) generated within the project area and remit to Agency to meet the Agency's debt service obligations. The County Deferrals accrue simple interest of 5% starting February 2001. The County Deferrals are to be repaid with the excess of property tax revenues received by the Agency in excess of its debt payment requirements. The County Deferrals are recorded as revenue when received by the Agency. At June 30, 2005, the balance of the County Deferrals including interest was \$33,724,853.

B. General Obligation Refunding Bonds:

The City of Pico Rivera issued general obligation refunding bonds to retire the aerospace sales tax rebate liability. Interest is payable semiannually on June 1 and December 1 at rates ranging from 5.00% to 6.20%. The outstanding balance of \$375,000 at June 30, 2005 is due December 1, 2005.

C. Section 108 Loan:

The City of Pico Rivera received Section 108 loan funds to assist with property acquisition and relocation costs associated with the development of a 12.4 acre site in the Redevelopment Project area of the City. The City has pledged its current and future Community Development Block Grant (CDBG) allocations for the repayment of the loan. Principal payments are due annually on August 1 and interest is payable semiannually on February 1 and August 1 at rates ranging from 5.87% to 7.13%. The outstanding balance of \$280,000 at June 30, 2005 is due December 1, 2005.

D. Compensated Absences:

The City's policies relating to compensated absences are described in Note 1. The liability amounts of \$702,819 at June 30, 2005 are expected to be paid in future years from future resources.

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

6. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activities:

E. Revenue Bonds and Capitalized Lease:

Revenue bonds were issued by the Pico Rivera Water Authority to finance the initial lease payment under the terms of a capital lease between the City and Water Authority (Note 4H) and to purchase the Redevelopment Agency's Tax Allocation Bonds (Note 3).

Revenue bonds currently outstanding (in thousands) are as follow:

<u>Enterprise Fund</u>	<u>Series</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Maturity Date</u>	<u>Revenue Pledged</u>
Water Authority	1999A	3.25%-5.5%	\$ 17,940	\$ 17,440	May 2029	Water
Water Authority	1999B	6.00%-6.75%	5,520	3,900	May 2014	Water
Water Authority	2001	5.75%-6.25%	<u>40,710</u>	<u>38,515</u>	December 2032	Water
			<u>\$ 64,170</u>	<u>\$ 59,855</u>		

Water Authority Revenue Bonds, Series 1999 A and B

The Pico Rivera Water Authority issued \$17,940,000 of Revenue Bonds (Series A) and \$5,520,000 of Taxable Revenue Bonds (Series B) dated May 1, 1999. These Bonds were issued to finance the lease and improvements of the Water Enterprise.

The Series A bonds are due in whole or in part through May 2029 and bear an interest rate ranging from 3.25% to 5.5%. The Series B bonds are due through May 2014 and bear an interest rate ranging from 6.0% to 6.75%. Interest is payable semiannually on May 1 and November 1 of each year. The bonds are subject to optional redemption in whole or in part on any interest payment due on or after May 1, 2009, by lot, with premiums ranging from 0% to 2%.

The bond indenture requires a Water Rate Stabilization Fund to be held and maintained by the trustee for the benefit of the owners of the bonds. The Water Rate Stabilization Fund is required to have a balance of not less than \$600,000. All funds in the Water Rate Stabilization Fund are pledged to secure payment of the bonds. The balance in the Water Rate Stabilization Fund at June 30, 2005 is \$600,000.

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

6. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activities (Continued):

E. Revenue Bonds and Capitalized Lease (Continued):

Water Authority Revenue Bonds, Series 1999 A and B (Continued)

Annual debt service for the 1999 Series A revenue bonds follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 95,000	\$ 953,688	\$ 1,048,688
2007	95,000	949,935	1,044,935
2008	100,000	946,088	1,046,088
2009	105,000	941,938	1,046,938
2010	110,000	937,475	1,047,475
2011-2015	1,235,000	4,590,300	5,825,300
2016-2020	4,320,000	3,867,875	8,187,875
2021-2025	5,645,000	2,542,375	8,187,375
2026-2029	<u>5,735,000</u>	<u>809,600</u>	<u>6,544,600</u>
	17,440,000	16,539,274	33,979,274
Add premium	<u>949,952</u>	-	<u>949,952</u>
Total	<u>\$ 18,389,952</u>	<u>\$ 16,539,274</u>	<u>\$ 34,929,226</u>

Annual debt service for the 1999 Series B revenue bonds follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 330,000	\$ 258,870	\$ 588,870
2007	355,000	237,585	592,585
2008	375,000	214,688	589,688
2009	400,000	190,500	590,500
2010	425,000	164,700	589,700
2011	455,000	136,012	591,012
2012	485,000	105,300	590,300
2013	520,000	72,563	592,563
2014	<u>555,000</u>	<u>37,462</u>	<u>592,462</u>
Total	<u>\$ 3,900,000</u>	<u>\$ 1,417,680</u>	<u>\$ 5,317,680</u>

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

6. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activities (Continued):

E. Revenue Bonds and Capitalized Lease (Continued):

Water Authority Revenue Bonds, Series 2001

On January 30, 2001, the Authority issued at a \$796,798 discount, \$40,710,000 in Revenue Bonds, 2001 Series. Proceeds of \$38,020,100 were used to purchase 2001 Tax Allocation Refunding Bonds from the Agency, which in turn refunded its 1989 tax allocation bonds. The 2001 Series bonds are subject to optional redemption in whole or in part and by lot on any date on or after December 1, 2011 with premiums ranging from 0% to 2%. The bonds are due through December 1, 2032 with interest rates ranging from 5.75% to 6.25% per annum. The reserve fund requirement is equal to maximum annual debt service on the bonds, which is \$3,134,763, less the entire amount in the Water Rate Stabilization Funds up to an amount equal to \$600,000. The balance in the Reserve Account and in the Water Rate Stabilization Fund as of June 30, 2005 amounted to \$2,560,160 and \$600,000, respectively.

It is the opinion of management that the City and Water Authority have complied with all major aspects of the bonds' covenants and loan agreements for fiscal year ended June 30, 2005.

Annual debt service for the 2001 Series revenue bonds follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 765,000	\$ 2,347,769	\$ 3,112,769
2007	805,000	2,302,631	3,107,631
2008	855,000	2,254,906	3,109,906
2009	900,000	2,204,450	3,104,450
2010	955,000	2,151,119	3,106,119
2011-2015	5,670,000	9,828,487	15,498,487
2016-2020	7,625,000	7,792,969	15,417,969
2021-2025	10,340,000	5,006,250	15,346,250
2026-2030	7,150,000	2,072,813	9,222,813
2031-2033	<u>3,450,000</u>	<u>332,188</u>	<u>3,782,188</u>
	38,515,000	36,293,582	74,808,582
Less discount	<u>(678,836)</u>	-	<u>(678,836)</u>
Total	<u>\$ 37,836,164</u>	<u>\$ 36,293,582</u>	<u>\$ 74,129,746</u>

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

6. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activities (Continued):

F. Compensated Absences:

The City's policies relating to compensated absences are described in Note 1. The liability amounts of \$108,457 at June 30, 2005 are expected to be paid in future years from future resources.

7. COMMITMENTS AND CONTINGENCIES:

- A. In 2002, the City of Pico Rivera (the City) and the Pico Rivera Redevelopment Agency (the Agency) entered into separate agreements with a developer and a retail establishment in connection with the occupancy of the retail establishment in the Pico Rivera Towne Center. The agreements require the City and the Agency to pay the developer and the retail establishment approximately \$2,240,000 over the initial 15 year lease term. As of June 30, 2005, 13 years remain of the initial lease term. During the year \$160,000 has been paid by the City and the Agency pursuant to these agreements.
- B. In prior years, the Public Financing Authority and the Redevelopment Agency have defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements. At June 30, 2005, the 1976 Leasehold Mortgage bond issue, which is considered defeased, has an outstanding balance of \$1,620,000.
- C. The City and Agency entered into an agreement whereby the City will defer its portion of sales tax revenues (City Deferral) generated within the project area and advance the monies to the Agency, to allow the Agency to meet its debt service obligations. The City deferrals accrue interest at 7%. At June 30, 2005, the balance of the City Deferrals including interest was \$18,208,143.

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

8. RETIREMENT PLAN:

A. Plan Description: (PERS):

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

B. Funding Policy:

Participants are required to contribute 7% of their annual covered salary. In August of 2002, the City changed its Plan to 2.5%@55 resulting in a 1% increase in contributions to 8% of annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 5.129% for non-safety employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

C. Annual Pension Cost:

For the year ended June 30, 2005, the City's annual pension cost of \$1,876,651 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2002, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, ranging from 3.75% to 14.25% and (c) 3.75% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2005, for the unfunded liability is 20 years.

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

8. RETIREMENT PLAN (CONTINUED):

C. Annual Pension Cost (Continued):

Three Year Trend Information for PERS (\$ Amount in Thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligations</u>
6/30/03	\$ 768	100%	\$ -
6/30/04	1,262	100%	-
6/30/05	1,877	100%	-

Schedule of Funding Progress for PERS (\$ Amount in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Liability (AAL) Entry Age (B)</u>	<u>Unfunded (Excess Assets) AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a % of Covered Payroll [(B-A)/C]</u>
6/30/02	\$ 32,854	\$ 33,700	\$ 846	97.5 %	\$ 9,221	9.2 %
6/30/03	33,690	38,959	5,269	86.5 %	9,586	55.0 %
6/30/04	36,336	43,100	6,764	84.3 %	9,643	70.1 %

D. Defined Contribution Pension Plan (PARS):

The City provides pension benefits for all of its part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the Public Agency Retirement System (PARS). All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and City Council resolved to match the employees' contributions of 3.75%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the year ended June 30, 2005, the City's payroll covered by the plan was \$2,455,966. The City made employer contributions of \$92,303 (3.77% of current covered payroll), and employees contributed \$91,894 (3.73% of current covered payroll).

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

8. RETIREMENT PLAN (CONTINUED):

D. Defined Contribution Pension Plan (PARS) (Continued):

On July 1, 2002, the City started providing retirement benefits to its City Council members through a defined contribution plan. Council members can participate in the plan provided they have met all the eligibility requirements. The City contributes 1/12 of a certain percentage of the members final pay based on years of service, as follows:

<u>Number of Years of Service</u>	<u>Percentage of Final Pay</u>
5	20%
6	24%
7	28%
8	32%
9	36%
10	40%

For the year ended June 30, 2005 the City contributed a total \$12,925 to the City Council members' defined contribution plan.

9. POST-EMPLOYMENT BENEFITS:

The City provides health care insurance benefits for its employees who retire subsequent to October 1, 1983. The City pays 100 percent of the premium for the retirees employed by the City ten years or more and have attained the age of 50. The City's obligation to pay full medical costs relates only to those medical coverage costs provided through PERS. It does not mean that the City is obligated to pay Medicare Part B premiums for those retirees who are age 65 or above and who are enrolled in a Supplemental Medicare plan. When the retiree reaches age 65, the Basic Medical Plan is required to be transferred to a Supplemental Medicare Plan.

The cost of retiree health care insurance benefits is recognized as an expenditure as insurance premiums are paid on a monthly basis, one month in advance. For the fiscal year ended June 30, 2005, those costs totaled \$440,417. Seventy-one (71) employees were affected by the provisions of these benefits at the end of the 2004/05 fiscal year.

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

10. DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all City employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are under the participants control and are principally invested in demand deposits and mutual funds and are held in trust for the exclusive benefit of the participants and their beneficiaries. At June 30, 2005, the amount held by trustee for employees is \$2,403,422.

11. NON-CITY OBLIGATION DEBT SPECIAL ASSESSMENT BONDS:

During the year ended June 30, 1996, Assessment District 95-1 was established by the City of Pico Rivera. Bonds were issued to finance the cost of various improvements, which have a special and direct benefit to the related property owners. Under the terms and conditions of these bonds, the City acts as agent for the property owners in collecting the special taxes and forwarding the collections to the bondholders. As of June 30, 2005, the bonds outstanding from this Assessment District total \$195,000.

Such bonds do not constitute an indebtedness of the City and are payable solely from special taxes collected from property owners within the District. In the opinion of the City officials, these bonds are not payable from any revenues or assets of the City and neither the full faith and credit nor the taxing authority of the City is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded.

12. INSURANCE PROGRAM:

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

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 91 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

12. INSURANCE PROGRAM (CONTINUED):

B. Self-Insurance Programs of the Authority:

General Liability - Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,001 to \$750,000 are pooled based on a member's share of costs under \$30,000; costs from \$750,001 to \$5,000,000 are pooled based on payroll. Costs of covered claims above \$5,000,000 are currently paid by reinsurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

Workers' Compensation - The City also participates in the workers' compensation pool administered by the Authority. Pool deposits and retrospective adjustments are valued in a manner similar to the General Liability pool. The City of Pico Rivera is charged for the first \$50,000 of each claim. Costs are pooled above \$50,000. Costs from \$50,001 to \$100,000 per claim are pooled based on the member's losses under its retention level. Costs between \$100,001 and \$2,000,000 per claim are pooled based on payroll. Costs between \$2,000,000 and \$50,000,000 are paid by excess insurance purchased by the Authority. Costs in excess of \$50,000,000 are pooled by the members based on payroll.

C. Purchased Insurance:

Property Insurance - The City of Pico Rivera participates in the all-risk property protection program of the Authority. Several insurance companies underwrite this insurance protection. The City is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$28 million. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance - The City of Pico Rivera purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City properties currently have earthquake protection in the amount of \$27 million. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

12. INSURANCE PROGRAM (CONTINUED):

C. Purchased Insurance (Continued):

Fidelity Bonds - The City of Pico Rivera purchases blanket fidelity bond coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

Environmental Liability Insurance - The City of Pico Rivera participates in the pollution legal liability and remediation legal liability insurance, which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$120,000,000 for the 3-year period from July 1, 2002 through June 30 2005. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

D. Adequacy of Protection:

During the past three fiscal 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.

13. FUND BALANCE RESERVES:

A city may establish "reserves" of fund equity to segregate fund balances which are not appropriable for expenditure in future periods, or which are legally set aside for a specific purpose.

The City's reserves at June 30, 2005 are tabulated below, followed by explanations as to the nature and purpose of each reserve.

	General Fund	Debt Service Fund	Redevelopment Agency Capital Projects Fund
Prepays and deposits	\$ 89,376	\$ -	\$ -
Advances to other funds	10,363,576	-	-
Low and moderate income housing	-	-	1,557,268
Debt service	-	159,528	-
Land held for resale	-	-	2,296,959
Long-term receivables	-	-	6,669
Total Reserves	<u>\$ 10,452,952</u>	<u>\$ 159,528</u>	<u>\$ 3,860,896</u>

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

13. FUND BALANCE RESERVES (CONTINUED):

A. Reserved for Prepaids and Deposits:

This is a reserve to reflect that prepaids and deposits are not "available" as a spendable resource.

B. Reserved for Advances to Other Funds:

This is a reserve to reflect the principal portion of the amount due from other funds that are long-term in nature. Such amounts do not represent available spendable resources.

C. Reserved for Low and Moderate Income Housing:

These funds represent that portion of redevelopment tax increment revenue that must be set aside for housing programs.

D. Reserved for Debt Service:

These are reserves representing assets held by various trustees pursuant to bond covenants.

E. Reserved for Land Held for Resale:

This is a reserve to reflect that land held for resale by the Redevelopment Agency is not "available" as a spendable resource.

F. Reserved for Long-term Receivables:

This is a reserve to reflect that long-term receivables that are not already offset by deferred revenue are not "available" as a spendable resource.

The City may designate portions of unreserved fund balances that are earmarked for specific purpose. The City designated the following amounts for capital improvement projects:

Other Governmental Funds	\$ 5,613,840
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See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

14. OTHER REQUIRED DISCLOSURES:

Expenditures in Excess of Appropriations:

The following departments/funds reported expenditures in excess of appropriations:

Major Funds:

General Fund:

Public Safety	\$ 62,116
Debt Service	2,080
State Relinquishment Special Revenue Fund	7,781
Debt Service Fund	688,643
Capital Improvement Capital Projects Fund	786,521

Other Governmental Funds:

Special Revenue Funds:

Community Development Block Grant	341,054
State Gas Tax	2
Lighting Assessment District	357,496
Park Development	30
Sewer	850
Air Quality Improvement	41
State Grants	6,830
Montebello Bus Grant	2,575
Economic Development Assistance Grant	3,198

Deficit Fund Balances/Net Assets:

The following funds reported deficits fund balances/net assets at June 30, 2005:

Major Funds:

Debt Service Fund	\$ 36,313,781
Capital Improvement Capital Projects Fund	38,304
Redevelopment Agency Capital Projects Fund	20,875,015

Other Governmental Funds:

Special Revenue Funds:

County Grants	168,102
EPA Sewer Grant	38,167
Prop 12 Park	764,875
Intermodal Surface Transportation Efficiency Act	109,608
State Park	759,289

See independent auditors' report.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2005

14. OTHER REQUIRED DISCLOSURES (CONTINUED):

Deficit Fund Balances/Net Assets (Continued):

Other Governmental Funds (Continued):

Capital Projects Funds:

Flossmoor Road Sewer Assessment District	\$	75,254
Paramount/Mines Landscape Maintenance Assessment		149,302

Other Enterprise Funds:

Stables		229,132
Campground		369,754
Golf Course		412,875

Management expects to eliminate the deficits with subsequent revenues or transfers from the General Fund.

15. RESTATEMENT OF FUND BALANCES AND NET ASSETS:

Net deficit, of the governmental activity at July 1, 2004 was reduced by \$1,270,255 to \$(13,783,827) to adjust the construction in progress balance as of July 1, 2004.

16. SUBSEQUENT EVENT:

In August 2005, the City received additional County Deferral amounting to \$1.524 million (Note 6A). This resulted in an increase in the total outstanding deferral from the County of Los Angeles to approximately \$35.2 million.

See independent auditors' report.

**CITY OF PICO RIVERA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
AND
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF PICO RIVERA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessment	\$ 9,712,700	\$ 9,712,700	\$ 9,688,804	\$ (23,896)
Licenses and permits	2,632,200	2,632,200	2,929,773	297,573
Intergovernmental	5,235,800	5,235,800	6,733,046	1,497,246
Charges for services	889,900	889,900	956,753	66,853
Fines, forfeitures and penalties	496,000	668,000	1,022,768	354,768
Investment and rental	311,700	311,700	319,473	7,773
Miscellaneous	1,220,400	1,220,400	515,098	(705,302)
TOTAL REVENUES	20,498,700	20,670,700	22,165,715	1,495,015
EXPENDITURES:				
Current:				
General government	11,260,700	11,166,283	10,054,952	1,111,331
Public safety	7,176,900	7,557,492	7,619,608	(62,116)
Public works	3,301,800	4,336,800	4,141,722	195,078
Parks and recreation	4,244,900	4,379,113	4,094,105	285,008
Debt service:				
Principal retirement	350,000	350,000	350,000	-
Interest and charges	34,000	34,000	36,080	(2,080)
TOTAL EXPENDITURES	26,368,300	27,823,688	26,296,467	1,527,221
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,869,600)	(7,152,988)	(4,130,752)	3,022,236
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	-	7,931	7,931
Transfers in	6,316,700	6,179,263	3,346,109	(2,833,154)
Transfers out	(464,700)	(701,700)	(217,795)	483,905
TOTAL OTHER FINANCING SOURCES (USES)	5,852,000	5,477,563	3,136,245	(2,341,318)
NET CHANGE IN FUND BALANCE	(17,600)	(1,675,425)	(994,507)	680,918
FUND BALANCE - BEGINNING OF YEAR	10,966,346	10,966,346	10,966,346	-
FUND BALANCE - END OF YEAR	\$ 10,948,746	\$ 9,290,921	\$ 9,971,839	\$ 680,918

See independent auditors' report and note to required supplementary information.

CITY OF PICO RIVERA
 BUDGETARY COMPARISON SCHEDULE
 HOUSING AGENCY SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 5,008,000	\$ 5,008,000	\$ 4,445,194	\$ (562,806)
Investment and rental	30,000	30,000	8,491	(21,509)
Miscellaneous	30,000	30,000	10,029	(19,971)
TOTAL REVENUES	5,068,000	5,068,000	4,463,714	(604,286)
EXPENDITURES:				
Current:				
Health and welfare	5,069,200	5,069,200	4,466,711	602,489
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,200)	(1,200)	(2,997)	(1,797)
FUND BALANCE - BEGINNING OF YEAR	412,863	412,863	412,863	-
FUND BALANCE - END OF YEAR	\$ 411,663	\$ 411,663	\$ 409,866	\$ (1,797)

See independent auditors' report and note to required supplementary information.

CITY OF PICO RIVERA
 BUDGETARY COMPARISON SCHEDULE
 STATE RELINQUISHMENT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ -	\$ -	\$ 83,165	\$ 83,165
Miscellaneous revenue	2,777,000	2,777,000	-	(2,777,000)
TOTAL REVENUES	2,777,000	2,777,000	83,165	(2,693,835)
EXPENDITURES:				
Current:				
Public works	-	-	7,781	(7,781)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,777,000	2,777,000	75,384	(2,701,616)
OTHER FINANCING USES:				
Transfers out	(600,000)	-	(600,000)	(600,000)
NET CHANGE IN FUND BALANCE	2,177,000	2,777,000	(524,616)	(3,301,616)
FUND BALANCE - BEGINNING OF YEAR	5,993,000	5,993,000	5,993,000	-
FUND BALANCE - END OF YEAR	<u>\$ 8,170,000</u>	<u>\$ 8,770,000</u>	<u>\$ 5,468,384</u>	<u>\$ (3,301,616)</u>

See independent auditors' report and note to required supplementary information.

CITY OF PICO RIVERA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2005

1. BUDGETARY CONTROL AND ACCOUNTING:

The City adopts annual budgets for governmental funds on a basis that is the same as accounting principles generally accepted in the United States of America except for capital projects funds, which adopt project length budgets.

The City's budget is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflows) and amounts available for appropriation and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented, and controlled.

The following procedures establish the budgetary data reflected in the financial statements:

The budget is prepared under the City Manager's direction and adopted by the City Council, generally prior to June 30 of each year. It is revised periodically during the year by the City Council. The budget presented in the financial statements includes the original and final amounts. The budget serves as a policy document for the deliverance of public services; however, expenditures are individually approved by the City Council. The City manager is authorized to transfer amounts within individual fund budgets without the approval of City Council. Additional appropriations during the year may be submitted to the City Council for review and approval.

Budget information is presented for the governmental fund types. Budgeted revenue amounts represent the original budget modified by Council-authorized adjustments during the year, which were contingent upon new, or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. The budgets conform, in all material respects, to accounting principles generally accepted in the United States of America. Appropriations lapse at year-end.

Budgetary compliance is monitored without the use of encumbrances.

Budget information for the Federal Emergency Management Agency Special Revenue Fund is not presented since no budget was adopted for this fund. The City did not receive the revenue until the end of the fiscal year.

**CITY OF PICO RIVERA
SUPPLEMENTARY INFORMATION**

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**CITY OF PICO RIVERA
OTHER MAJOR FUNDS**

BUDGETARY COMPARISON SCHEDULES

CITY OF PICO RIVERA
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessment	\$ 4,866,000	\$ 4,866,000	\$ 6,231,111	\$ 1,365,111
Investment and rental	4,500	4,500	12,435	7,935
TOTAL REVENUES	4,870,500	4,870,500	6,243,546	1,373,046
EXPENDITURES:				
Current:				
General government	-	-	75,791	(75,791)
Pass through to other agencies	2,510,000	2,510,000	3,652,231	(1,142,231)
Debt service:				
Interest and charges	3,363,200	3,363,200	2,833,821	529,379
TOTAL EXPENDITURES	5,873,200	5,873,200	6,561,843	(688,643)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,002,700)	(1,002,700)	(318,297)	684,403
OTHER FINANCING SOURCES:				
Transfers in	1,006,700	1,006,700	1,012,855	6,155
NET CHANGE IN FUND BALANCE	4,000	4,000	694,558	690,558
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(37,008,339)	(37,008,339)	(37,008,339)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (37,004,339)	\$ (37,004,339)	\$ (36,313,781)	\$ 690,558

See independent auditors' report.

CITY OF PICO RIVERA

BUDGETARY COMPARISON SCHEDULE

CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 5,704	\$ 5,704
EXPENDITURES:				
Capital outlay	438,000	627,000	1,413,521	(786,521)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(438,000)	(627,000)	(1,407,817)	(780,817)
OTHER FINANCING SOURCES:				
Transfers in	464,700	701,700	1,414,380	712,680
NET CHANGE IN FUND BALANCE	26,700	74,700	6,563	(68,137)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(44,867)	(44,867)	(44,867)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (18,167)	\$ 29,833	\$ (38,304)	\$ (68,137)

See independent auditors' report.

CITY OF PICO RIVERA

BUDGETARY COMPARISON SCHEDULE

PICO RIVERA REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessment	\$ 2,866,000	\$ 2,866,000	\$ 2,842,761	\$ (23,239)
Investment and rental	43,500	43,500	234,519	191,019
Miscellaneous	949,030	949,030	372,914	(576,116)
TOTAL REVENUES	3,858,530	3,858,530	3,450,194	(408,336)
EXPENDITURES:				
Current:				
General government	659,485	962,185	765,325	196,860
Community development	2,643,656	2,190,956	815,096	1,375,860
Debt service:				
Interest and charges	-	-	1,013,463	(1,013,463)
TOTAL EXPENDITURES	3,303,141	3,153,141	2,593,884	559,257
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	555,389	705,389	856,310	150,921
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	3,830,000	3,830,000	(394,967)	(4,224,967)
Transfers in	160,000	160,000	160,000	-
Transfers out	(3,527,363)	(3,530,563)	(1,315,528)	2,215,035
TOTAL OTHER FINANCING SOURCES (USES)	462,637	459,437	(1,550,495)	(2,009,932)
NET CHANGE IN FUND BALANCE	1,018,026	1,164,826	(694,185)	(1,859,011)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(20,180,830)	(20,180,830)	(20,180,830)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (19,162,804)	\$ (19,016,004)	\$ (20,875,015)	\$ (1,859,011)

See independent auditors' report.

CITY OF PICO RIVERA

DESCRIPTION OF OTHER GOVERNMENTAL FUNDS

June 30, 2005

SPECIAL REVENUE FUNDS

Special Revenue Funds account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes. Special Revenue Funds include the following:

Community Development Block Grant Fund accounts for funds received from the U.S. Department of Housing and Urban Development for the purpose of Housing Rehabilitation, Social Services and qualified capital improvements.

Equipment Replacement Fund accounts for expenditures made for the purpose of purchasing equipment to replace obsolete, broken or other items in which it is economically unfeasible to continue repairing.

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

Lighting Assessment District Fund accounts for monies received for lighting services deemed to benefit the properties and businesses against which the special benefit assessments are levied. The assessments are levied once a year and are collected by the Los Angeles County Tax Collector and remitted to the City.

Park Development Fund accounts for funds received on new residential construction for the purpose of improving and/or developing the City's park system.

Prop A Fund accounts for the ½% sales tax approved by Prop. A in Los Angeles County which is restricted for transportation programs and projects.

Prop C Fund accounts for the ½% sales tax approved by Prop. C which is restricted for transportation programs and projects.

Sewer Fund accounts for monies to be used for the reconstruction of the public sewer system.

Traffic Safety Fund accounts for the vehicle code fines received from traffic safety enforcement.

CITY OF PICO RIVERA

DESCRIPTION OF OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2005

SPECIAL REVENUE FUNDS (CONTINUED)

Air Quality Improvement Fund accounts for the additional vehicle registration fees received from the Southern California Air Quality Management District for the purpose of air pollution reduction.

State Grants Fund accounts for the various State of California grants that are restricted to expenditures for specific programs and projects.

County Grants Fund accounts for various Los Angeles County grants that are received for restricted expenditures for specific programs and projects.

EPA Sewer Grant Fund accounts for funds received from the United States government to repair and upgrade the sewage system for the wastewater treatment project.

Montebello Bus Grant Fund accounts for funds received from the City of Montebello for the replacement of bus benches and kiosks throughout the City of Pico Rivera.

Economic Development Assistance (EDA) Grant Fund provides meaningful assistance, on a cost-shared basis, to economic growth. It also accounts for funds received from the companies developing the Pico Rivera Towne Center, under the terms of the improvement and reimbursement agreements with the Redevelopment Agency.

Prop 12 Park Fund accounts for funds received from the State of California to improve local parks.

Pedestrian Safety Program Fund accounts for funds received from the State of California for the installation of approximately 33,400 linear feet of 4 feet wide sidewalk serving Magee and South Ranchito Schools.

Federal Emergency Management Agency (FEMA) Fund accounts for seismically related retrofit construction.

Intermodal Surface Transportation Efficiency Act (ISTEA) Fund accounts for the costs of improvements or street construction on the federal highway system in the City.

State Park Fund accounts for funds received from the State of California to improve local parks.

Image Enhancement Fund accounts for funds received from all developers for the enhancement of the image of the City of Pico Rivera.

CITY OF PICO RIVERA

DESCRIPTION OF OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2005

SPECIAL REVENUE FUNDS (CONTINUED)

Transportation Development Act Fund accounts for regional TDA funds for all expenditures relating to pedestrian and bicycle facilities.

Reach Grants Fund accounts for funds received from the State of California for our after school learning program.

Miscellaneous Grant Fund accounts for funds received from multiple sources and reasons.

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities. Capital Projects Funds include the following:

Assessment District 95-1 Improvement Fund accounts for monies received for the purpose of improving and rehabilitating the streets located within the Assessment District. Funds are annually assessed to each respective property owner by the Los Angeles County Tax Collector and remitted to the City.

Flossmoor Road Sewer Assessment District Fund accounts for funds received for the installation of sewers deemed to benefit the properties against which the special benefit assessments are levied.

Paramount/Mines Landscape Maintenance Assessment Fund accounts for funds received for the installation and maintenance of common areas deemed to benefit the properties against which the special benefit assessments are levied.

CITY OF PICO RIVERA
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS

June 30, 2005

	Special Revenue Funds		
	Community Development Block Grant	Equipment Replacement	State Gas Tax
ASSETS			
Cash and investments	\$ 160,403	\$ 964,726	\$ -
Accounts receivable	61,298	-	112,603
Taxes receivable	-	-	-
Interest receivable	305,682	4,215	-
Long-term receivables	3,599,372	-	-
TOTAL ASSETS	\$ 4,126,755	\$ 968,941	\$ 112,603
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 57,899	\$ 72,800	\$ -
Accrued liabilities	9,940	-	-
Due to other funds	-	-	-
Deferred revenue	3,905,210	-	-
TOTAL LIABILITIES	3,973,049	72,800	-
FUND BALANCES (DEFICITS):			
Unreserved reported in:			
Special revenue funds	153,706	896,141	112,603
Capital projects funds	-	-	-
TOTAL FUND BALANCES (DEFICITS)	153,706	896,141	112,603
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,126,755	\$ 968,941	\$ 112,603

See independent auditors' report.

Special Revenue Funds (Continued)

Lighting Assessment District	Park Development	Prop A	Prop C	Sewer	Traffic Safety
\$ 510,871	\$ 28,621	\$ 534,037	\$ 3,883,875	\$ 658,456	\$ -
-	-	-	-	-	-
13,670	-	-	-	-	-
2,947	127	2,459	18,664	3,161	-
-	-	-	-	-	-
<u>\$ 527,488</u>	<u>\$ 28,748</u>	<u>\$ 536,496</u>	<u>\$ 3,902,539</u>	<u>\$ 661,617</u>	<u>\$ -</u>
\$ 32,206	\$ 6	\$ 115,827	\$ 854	\$ 145	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>32,206</u>	<u>6</u>	<u>115,827</u>	<u>854</u>	<u>145</u>	<u>-</u>
495,282	28,742	420,669	3,901,685	661,472	-
-	-	-	-	-	-
<u>495,282</u>	<u>28,742</u>	<u>420,669</u>	<u>3,901,685</u>	<u>661,472</u>	<u>-</u>
<u>\$ 527,488</u>	<u>\$ 28,748</u>	<u>\$ 536,496</u>	<u>\$ 3,902,539</u>	<u>\$ 661,617</u>	<u>\$ -</u>

(Continued)

CITY OF PICO RIVERA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2005

		<u>Special Revenue Funds (Continued)</u>	
		<u>Air Quality Improvement</u>	<u>State Grants</u>
ASSETS			
Cash and investments		\$ 409	\$ 22,247
Accounts receivable		-	-
Taxes receivable		-	-
Interest receivable		350	206
Long-term receivables		-	-
		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 759</u>	<u>\$ 22,453</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable		\$ 16	\$ 1,165
Accrued liabilities		-	129
Due to other funds		-	-
Deferred revenue		-	-
		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>16</u>	<u>1,294</u>
FUND BALANCES (DEFICITS):			
Unreserved reported in:			
Special revenue funds		743	21,159
Capital projects funds		-	-
		<u>-</u>	<u>-</u>
TOTAL FUND BALANCES (DEFICITS)		<u>743</u>	<u>21,159</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 759</u>	<u>\$ 22,453</u>

See independent auditors' report.

Special Revenue Funds (Continued)

County Grants	EPA Sewer Grant	Montebello Bus Grant	Economic Development Assistance Grant	Prop 12 Park	Pedestrian Safety Program
\$ -	\$ -	\$ -	\$ 2,373,230	\$ -	\$ 16,331
-	-	-	916,118	12,000	-
-	-	-	-	-	-
-	-	-	26,760	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,316,108</u>	<u>\$ 12,000</u>	<u>\$ 16,331</u>
\$ -	\$ -	\$ -	\$ 632	\$ -	\$ -
308	-	-	-	-	-
167,794	38,167	-	-	776,875	-
-	-	-	929,060	-	-
<u>168,102</u>	<u>38,167</u>	<u>-</u>	<u>929,692</u>	<u>776,875</u>	<u>-</u>
(168,102)	(38,167)	-	2,386,416	(764,875)	16,331
-	-	-	-	-	-
<u>(168,102)</u>	<u>(38,167)</u>	<u>-</u>	<u>2,386,416</u>	<u>(764,875)</u>	<u>16,331</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,316,108</u>	<u>\$ 12,000</u>	<u>\$ 16,331</u>

(Continued)

CITY OF PICO RIVERA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2005

		<u>Special Revenue Funds (Continued)</u>	
		<u>Federal Emergency Management Agency</u>	<u>Intermodal Surface Transportation Efficiency Act</u>
ASSETS			
Cash and investments		\$ 65,275	\$ -
Accounts receivable		-	-
Taxes receivable		-	-
Interest receivable		-	-
Long-term receivables		-	-
		<hr/>	<hr/>
TOTAL ASSETS		<u>\$ 65,275</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable		\$ -	\$ -
Accrued liabilities		-	-
Due to other funds		-	109,608
Deferred revenue		-	-
		<hr/>	<hr/>
TOTAL LIABILITIES		-	109,608
FUND BALANCES (DEFICITS):			
Unreserved reported in:			
Special revenue funds		65,275	(109,608)
Capital projects funds		-	-
		<hr/>	<hr/>
TOTAL FUND BALANCES (DEFICITS)		<u>65,275</u>	<u>(109,608)</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 65,275</u>	<u>\$ -</u>

See independent auditors' report.

Special Revenue Funds (Continued)

State Park	Image Enhancement	Transportation Development Act	Reach Grants	Miscellaneous Grant	Total Special Revenue Funds
\$ -	\$ 1,596,641	\$ 96	\$ -	\$ 144,128	\$ 10,959,346
-	-	-	252,420	-	1,354,439
-	-	-	-	-	13,670
-	7,639	-	-	-	372,210
-	-	-	-	-	3,599,372
<u>\$ -</u>	<u>\$ 1,604,280</u>	<u>\$ 96</u>	<u>\$ 252,420</u>	<u>\$ 144,128</u>	<u>\$ 16,299,037</u>
\$ -	\$ 349	\$ 96	\$ 31,775	\$ -	\$ 313,770
-	-	-	3,342	95	13,814
759,289	-	-	167,624	-	2,019,357
-	-	-	-	4,000	4,838,270
<u>759,289</u>	<u>349</u>	<u>96</u>	<u>202,741</u>	<u>4,095</u>	<u>7,185,211</u>
(759,289)	1,603,931	-	49,679	140,033	9,113,826
-	-	-	-	-	-
<u>(759,289)</u>	<u>1,603,931</u>	<u>-</u>	<u>49,679</u>	<u>140,033</u>	<u>9,113,826</u>
<u>\$ -</u>	<u>\$ 1,604,280</u>	<u>\$ 96</u>	<u>\$ 252,420</u>	<u>\$ 144,128</u>	<u>\$ 16,299,037</u>

(Continued)

CITY OF PICO RIVERA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2005

		<u>Capital Projects Funds</u>	
		<u>Assessment District 95-1 Improvement</u>	<u>Flossmoor Road Sewer Assessment District</u>
ASSETS			
Cash and investments		\$ 5,017	\$ -
Accounts receivable		-	-
Taxes receivable		-	-
Interest receivable		210	-
Long-term receivables		-	-
		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 5,227</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable		\$ -	\$ -
Accrued liabilities		-	-
Due to other funds		-	75,254
Deferred revenue		-	-
		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>-</u>	<u>75,254</u>
FUND BALANCES (DEFICITS):			
Unreserved reported in:			
Special revenue funds		-	-
Capital projects funds		5,227	(75,254)
		<u>5,227</u>	<u>(75,254)</u>
TOTAL FUND BALANCES (DEFICITS)		<u>5,227</u>	<u>(75,254)</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 5,227</u>	<u>\$ -</u>

See independent auditors' report.

<u>Capital Projects (Continued)</u>		
<u>Paramount/Mines Landscape Maintenance Assessment</u>	<u>Total Capital Projects Funds</u>	<u>Total Other Governmental Funds</u>
\$ -	\$ 5,017	\$ 10,964,363
-	-	1,354,439
260	260	13,930
-	210	372,420
-	-	3,599,372
<u>\$ 260</u>	<u>\$ 5,487</u>	<u>\$ 16,304,524</u>
\$ -	\$ -	\$ 313,770
-	-	13,814
149,562	224,816	2,244,173
-	-	4,838,270
<u>149,562</u>	<u>224,816</u>	<u>7,410,027</u>
-	-	9,113,826
<u>(149,302)</u>	<u>(219,329)</u>	<u>(219,329)</u>
<u>(149,302)</u>	<u>(219,329)</u>	<u>8,894,497</u>
<u>\$ 260</u>	<u>\$ 5,487</u>	<u>\$ 16,304,524</u>

CITY OF PICO RIVERA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2005

	Special Revenue Funds		
	Community Development Block Grant	Equipment Replacement	State Gas Tax
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ -
Intergovernmental	1,293,102	-	1,224,089
Charges for services	-	-	-
Investment and rental	32,415	543,275	16
Miscellaneous	474,186	-	-
TOTAL REVENUES	1,799,703	543,275	1,224,105
EXPENDITURES:			
Current:			
General government	-	-	-
Public works	-	-	2
Parks and recreation	-	-	-
Health and welfare	-	-	-
Community development	1,716,420	-	-
Capital outlay	-	223,187	-
Debt service:			
Principal retirement	270,000	-	-
Interest and charges	26,534	-	-
TOTAL EXPENDITURES	2,012,954	223,187	2
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(213,251)	320,088	1,224,103
OTHER FINANCING SOURCES (USES):			
Transfers in	302,673	-	-
Transfers out	(45,867)	-	(1,227,298)
TOTAL OTHER FINANCING SOURCES (USES)	256,806	-	(1,227,298)
NET CHANGE IN FUND BALANCES	43,555	320,088	(3,195)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	110,151	576,053	115,798
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 153,706	\$ 896,141	\$ 112,603

See independent auditors' report.

Special Revenue Funds (Continued)

Lighting Assessment District	Park Development	Prop A	Prop C	Sewer	Traffic Safety
\$ 1,007,962	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	960,295	796,738	-	-
-	6,672	-	-	1,419	-
6,191	326	6,837	52,065	9,072	-
-	-	17,433	-	-	-
<u>1,014,153</u>	<u>6,998</u>	<u>984,565</u>	<u>848,803</u>	<u>10,491</u>	<u>-</u>
-	-	-	-	-	-
512,496	-	769,406	113,091	850	-
-	30	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>512,496</u>	<u>30</u>	<u>769,406</u>	<u>113,091</u>	<u>850</u>	<u>-</u>
501,657	6,968	215,159	735,712	9,641	-
-	-	-	-	-	-
<u>(416,554)</u>	<u>-</u>	<u>(186,600)</u>	<u>(383,468)</u>	<u>(2,093)</u>	<u>(21,934)</u>
<u>(416,554)</u>	<u>-</u>	<u>(186,600)</u>	<u>(383,468)</u>	<u>(2,093)</u>	<u>(21,934)</u>
85,103	6,968	28,559	352,244	7,548	(21,934)
<u>410,179</u>	<u>21,774</u>	<u>392,110</u>	<u>3,549,441</u>	<u>653,924</u>	<u>21,934</u>
<u>\$ 495,282</u>	<u>\$ 28,742</u>	<u>\$ 420,669</u>	<u>\$ 3,901,685</u>	<u>\$ 661,472</u>	<u>\$ -</u>

(Continued)

CITY OF PICO RIVERA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
(CONTINUED)

For the year ended June 30, 2005

	Special Revenue Funds (Continued)	
	Air Quality Improvement	State Grants
REVENUES:		
Taxes and assessments	\$ -	\$ -
Intergovernmental	58,355	36,370
Charges for services	-	-
Investment and rental	641	865
Miscellaneous	-	-
TOTAL REVENUES	58,996	37,235
EXPENDITURES:		
Current:		
General government	-	-
Public works	-	-
Parks and recreation	-	-
Health and welfare	-	105,130
Community development	41	-
Capital outlay	-	-
Debt service:		
Principal retirement	-	-
Interest and charges	-	-
TOTAL EXPENDITURES	41	105,130
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	58,955	(67,895)
OTHER FINANCING SOURCES (USES):		
Transfers in	-	-
Transfers out	(79,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(79,000)	-
NET CHANGE IN FUND BALANCES	(20,045)	(67,895)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	20,788	89,054
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 743	\$ 21,159

See independent auditors' report.

Special Revenue Funds (Continued)

County Grants	EPA Sewer Grant	Montebello Bus Grant	Economic Development Assistance Grant	Prop 12 Park	Pedestrian Safety Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,392	-	-	-	27,949	400,000
-	-	-	-	-	-
-	-	-	37,642	-	-
-	2,558	-	109,161	-	-
<u>5,392</u>	<u>2,558</u>	<u>-</u>	<u>146,803</u>	<u>27,949</u>	<u>400,000</u>
-	-	-	-	-	-
-	-	-	-	-	4,037
5,129	-	2,575	-	-	-
-	-	-	3,198	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,129</u>	<u>-</u>	<u>2,575</u>	<u>3,198</u>	<u>-</u>	<u>4,037</u>
263	2,558	(2,575)	143,605	27,949	395,963
-	-	-	-	-	-
-	(2,558)	(71,578)	(170,742)	(55,521)	(28,367)
<u>-</u>	<u>(2,558)</u>	<u>(71,578)</u>	<u>(170,742)</u>	<u>(55,521)</u>	<u>(28,367)</u>
263	-	(74,153)	(27,137)	(27,572)	367,596
<u>(168,365)</u>	<u>(38,167)</u>	<u>74,153</u>	<u>2,413,553</u>	<u>(737,303)</u>	<u>(351,265)</u>
<u>\$ (168,102)</u>	<u>\$ (38,167)</u>	<u>\$ -</u>	<u>\$ 2,386,416</u>	<u>\$ (764,875)</u>	<u>\$ 16,331</u>

(Continued)

CITY OF PICO RIVERA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
(CONTINUED)

For the year ended June 30, 2005

	Special Revenue Funds (Continued)	
	Federal Emergency Management Agency	Intermodal Surface Transportation Efficiency Act
REVENUES:		
Taxes and assessments	\$ -	\$ -
Intergovernmental	-	-
Charges for services	-	-
Investment and rental	-	-
Miscellaneous	-	-
TOTAL REVENUES	-	-
EXPENDITURES:		
Current:		
General government	-	-
Public works	-	-
Parks and recreation	-	-
Health and welfare	-	-
Community development	-	-
Capital outlay	-	-
Debt service:		
Principal retirement	-	-
Interest and charges	-	-
TOTAL EXPENDITURES	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-
OTHER FINANCING SOURCES (USES):		
Transfers in	-	-
Transfers out	-	(28,015)
TOTAL OTHER FINANCING SOURCES (USES)	-	(28,015)
NET CHANGE IN FUND BALANCES	-	(28,015)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	65,275	(81,593)
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 65,275	\$ (109,608)

See independent auditors' report.

Special Revenue Funds (Continued)

State Park	Image Enhancement	Transportation Development Act	Reach Grants	Miscellaneous Grant	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,007,962
73,875	-	4,497	863,425	140,128	5,884,215
-	47,313	-	-	-	55,404
-	21,848	-	523	-	711,716
-	-	-	990	-	604,328
<u>73,875</u>	<u>69,161</u>	<u>4,497</u>	<u>864,938</u>	<u>140,128</u>	<u>8,263,625</u>
-	2,041	-	-	-	2,041
-	-	-	-	95	1,399,977
-	-	-	815,259	-	815,289
-	-	-	-	-	112,834
-	-	-	-	-	1,719,659
-	-	-	-	-	223,187
-	-	-	-	-	270,000
-	-	-	-	-	26,534
<u>-</u>	<u>2,041</u>	<u>-</u>	<u>815,259</u>	<u>95</u>	<u>4,569,521</u>
<u>73,875</u>	<u>67,120</u>	<u>4,497</u>	<u>49,679</u>	<u>140,033</u>	<u>3,694,104</u>
-	-	-	-	-	302,673
<u>(587,787)</u>	<u>(22,070)</u>	<u>(4,592)</u>	<u>-</u>	<u>-</u>	<u>(3,334,044)</u>
<u>(587,787)</u>	<u>(22,070)</u>	<u>(4,592)</u>	<u>-</u>	<u>-</u>	<u>(3,031,371)</u>
(513,912)	45,050	(95)	49,679	140,033	662,733
<u>(245,377)</u>	<u>1,558,881</u>	<u>95</u>	<u>-</u>	<u>-</u>	<u>8,451,093</u>
<u>\$ (759,289)</u>	<u>\$ 1,603,931</u>	<u>\$ -</u>	<u>\$ 49,679</u>	<u>\$ 140,033</u>	<u>\$ 9,113,826</u>

(Continued)

CITY OF PICO RIVERA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
(CONTINUED)

For the year ended June 30, 2005

	Capital Projects Funds	
	Assessment District 95-1 Improvement	Flossmoor Road Sewer Assessment District
REVENUES:		
Taxes and assessments	\$ -	\$ 23,724
Intergovernmental	-	-
Charges for services	-	-
Investment and rental	427	-
Miscellaneous	-	-
TOTAL REVENUES	<u>427</u>	<u>23,724</u>
EXPENDITURES:		
Current:		
General government	-	-
Public works	-	-
Parks and recreation	-	-
Health and welfare	-	-
Community development	-	-
Capital outlay	-	-
Debt service:		
Principal retirement	-	-
Interest and charges	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>427</u>	<u>23,724</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	-	-
Transfers out	(2,100)	(30,640)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,100)</u>	<u>(30,640)</u>
NET CHANGE IN FUND BALANCES	(1,673)	(6,916)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>6,900</u>	<u>(68,338)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 5,227</u>	<u>\$ (75,254)</u>

See independent auditors' report.

Capital Projects (Continued)

Paramount/Mines Landscape Maintenance Assessment	Total Capital Projects Funds	Total Other Governmental Funds
\$ 8,786	\$ 32,510	\$ 1,040,472
-	-	5,884,215
-	-	55,404
-	427	712,143
-	-	604,328
<u>8,786</u>	<u>32,937</u>	<u>8,296,562</u>
-	-	2,041
-	-	1,399,977
-	-	815,289
-	-	112,834
-	-	1,719,659
-	-	223,187
-	-	270,000
-	-	26,534
-	-	<u>4,569,521</u>
<u>8,786</u>	<u>32,937</u>	<u>3,727,041</u>
-	-	302,673
-	(32,740)	(3,366,784)
-	(32,740)	(3,064,111)
8,786	197	662,930
<u>(158,088)</u>	<u>(219,526)</u>	<u>8,231,567</u>
<u>\$ (149,302)</u>	<u>\$ (219,329)</u>	<u>\$ 8,894,497</u>

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,403,500	\$ 1,403,500	\$ 1,293,102	\$ (110,398)
Investment and rental	2,500	2,500	32,415	29,915
Miscellaneous	40,000	40,000	474,186	434,186
TOTAL REVENUES	1,446,000	1,446,000	1,799,703	353,703
EXPENDITURES:				
Current:				
Community development	1,375,366	1,375,366	1,716,420	(341,054)
Debt service:				
Principal retirement	270,000	270,000	270,000	-
Interest and charges	26,534	26,534	26,534	-
TOTAL EXPENDITURES	1,671,900	1,671,900	2,012,954	(341,054)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(225,900)	(225,900)	(213,251)	12,649
OTHER FINANCING SOURCES (USES):				
Transfers in	181,800	181,800	302,673	120,873
Transfers out	(46,000)	(46,000)	(45,867)	133
TOTAL OTHER FINANCING SOURCES (USES)	135,800	135,800	256,806	121,006
NET CHANGE IN FUND BALANCE	(90,100)	(90,100)	43,555	133,655
FUND BALANCE - BEGINNING OF YEAR	110,151	110,151	110,151	-
FUND BALANCE - END OF YEAR	\$ 20,051	\$ 20,051	\$ 153,706	\$ 133,655

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

EQUIPMENT REPLACEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 532,600	\$ 532,600	\$ 543,275	\$ 10,675
EXPENDITURES:				
Capital outlay	336,000	336,000	223,187	112,813
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	196,600	196,600	320,088	123,488
FUND BALANCE - BEGINNING OF YEAR	576,053	576,053	576,053	-
FUND BALANCE - END OF YEAR	\$ 772,653	\$ 772,653	\$ 896,141	\$ 123,488

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STATE GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,169,700	\$ 1,169,700	\$ 1,224,089	\$ 54,389
Investment and rental	-	-	16	16
TOTAL REVENUES	1,169,700	1,169,700	1,224,105	54,405
EXPENDITURES:				
Current:				
Public works	-	-	2	(2)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,169,700	1,169,700	1,224,103	54,403
OTHER FINANCING USES:				
Transfers out	(1,169,700)	(1,769,700)	(1,227,298)	542,402
NET CHANGE IN FUND BALANCE	-	(600,000)	(3,195)	596,805
FUND BALANCE - BEGINNING OF YEAR	115,798	115,798	115,798	-
FUND BALANCE - END OF YEAR	\$ 115,798	\$ (484,202)	\$ 112,603	\$ 596,805

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LIGHTING ASSESSMENT DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessment	\$ 930,000	\$ 930,000	\$ 1,007,962	\$ 77,962
Investment and rental	500	500	6,191	5,691
TOTAL REVENUES	930,500	930,500	1,014,153	83,653
EXPENDITURES:				
Current:				
Public works	775,000	155,000	512,496	(357,496)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	155,500	775,500	501,657	(273,843)
OTHER FINANCING USES:				
Transfers out	(217,300)	(217,300)	(416,554)	(199,254)
NET CHANGE IN FUND BALANCE	(61,800)	558,200	85,103	(473,097)
FUND BALANCE - BEGINNING OF YEAR	410,179	410,179	410,179	-
FUND BALANCE - END OF YEAR	\$ 348,379	\$ 968,379	\$ 495,282	\$ (473,097)

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARK DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 6,672	\$ 6,672
Investment and rental	100	100	326	226
TOTAL REVENUES	100	100	6,998	6,898
EXPENDITURES:				
Current:				
Parks and recreation	-	-	30	(30)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	100	100	6,968	6,868
FUND BALANCE - BEGINNING OF YEAR	21,774	21,774	21,774	-
FUND BALANCE - END OF YEAR	\$ 21,874	\$ 21,874	\$ 28,742	\$ 6,868

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROP A SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 933,100	\$ 933,100	\$ 960,295	\$ 27,195
Investment and rental	1,800	1,800	6,837	5,037
Miscellaneous	20,000	20,000	17,433	(2,567)
TOTAL REVENUES	954,900	954,900	984,565	29,665
EXPENDITURES:				
Current:				
Public works	877,600	877,600	769,406	108,194
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	77,300	77,300	215,159	137,859
OTHER FINANCING USES:				
Transfers out	(186,600)	(186,600)	(186,600)	-
NET CHANGE IN FUND BALANCE	(109,300)	(109,300)	28,559	137,859
FUND BALANCE - BEGINNING OF YEAR	392,110	392,110	392,110	-
FUND BALANCE - END OF YEAR	\$ 282,810	\$ 282,810	\$ 420,669	\$ 137,859

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROP C SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 773,900	\$ 773,900	\$ 796,738	\$ 22,838
Investment and rental	9,000	9,000	52,065	43,065
TOTAL REVENUES	782,900	782,900	848,803	65,903
EXPENDITURES:				
Current:				
Public works	543,000	643,000	113,091	529,909
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	239,900	139,900	735,712	595,812
OTHER FINANCING USES:				
Transfers out	(229,800)	(229,800)	(383,468)	(153,668)
NET CHANGE IN FUND BALANCE	10,100	(89,900)	352,244	442,144
FUND BALANCE - BEGINNING OF YEAR	3,549,441	3,549,441	3,549,441	-
FUND BALANCE - END OF YEAR	\$ 3,559,541	\$ 3,459,541	\$ 3,901,685	\$ 442,144

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SEWER SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 1,419	\$ 1,419
Investment and rental	-	-	9,072	9,072
TOTAL REVENUES	-	-	10,491	10,491
EXPENDITURES:				
Current:				
Public works	-	-	850	(850)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	9,641	9,641
OTHER FINANCING USES:				
Transfers out	-	-	(2,093)	(2,093)
NET CHANGE IN FUND BALANCE	-	-	7,548	7,548
FUND BALANCE - BEGINNING OF YEAR	653,924	653,924	653,924	-
FUND BALANCE - END OF YEAR	\$ 653,924	\$ 653,924	\$ 661,472	\$ 7,548

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRAFFIC SAFETY SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING USES:				
Transfers out	\$ -	\$ -	\$ (21,934)	\$ (21,934)
FUND BALANCE - BEGINNING OF YEAR	21,934	21,934	21,934	-
FUND BALANCE - END OF YEAR	<u>\$ 21,934</u>	<u>\$ 21,934</u>	<u>\$ -</u>	<u>\$ (21,934)</u>

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 70,000	\$ 70,000	\$ 58,355	\$ (11,645)
Investment and rental	100	100	641	541
TOTAL REVENUES	70,100	70,100	58,996	(11,104)
EXPENDITURES:				
Current:				
Community development	-	-	41	(41)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	70,100	70,100	58,955	(11,145)
OTHER FINANCING USES:				
Transfers out	(70,100)	(70,100)	(79,000)	(8,900)
NET CHANGE IN FUND BALANCE	-	-	(20,045)	(20,045)
FUND BALANCE - BEGINNING OF YEAR	20,788	20,788	20,788	-
FUND BALANCE - END OF YEAR	\$ 20,788	\$ 20,788	\$ 743	\$ (20,045)

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STATE GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 38,000	\$ 38,000	\$ 36,370	\$ (1,630)
Investment and rental	300	300	865	565
TOTAL REVENUES	38,300	38,300	37,235	(1,065)
EXPENDITURES:				
Current:				
Health and welfare	98,300	98,300	105,130	(6,830)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(60,000)	(60,000)	(67,895)	(7,895)
FUND BALANCE - BEGINNING OF YEAR	89,054	89,054	89,054	-
FUND BALANCE - END OF YEAR	\$ 29,054	\$ 29,054	\$ 21,159	\$ (7,895)

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COUNTY GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 167,300	\$ 167,300	\$ 5,392	\$ (161,908)
EXPENDITURES:				
Current:				
Health and welfare	7,200	7,200	5,129	2,071
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	160,100	160,100	263	(159,837)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(168,365)	(168,365)	(168,365)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (8,265)	\$ (8,265)	\$ (168,102)	\$ (159,837)

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

EPA SEWER GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 203,000	\$ 203,000	\$ -	\$ (203,000)
Miscellaneous	-	-	2,558	2,558
TOTAL REVENUES	203,000	203,000	2,558	(200,442)
OTHER FINANCING USES:				
Transfers out	-	-	(2,558)	(2,558)
NET CHANGE IN FUND BALANCE	203,000	203,000	-	(203,000)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(38,167)	(38,167)	(38,167)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 164,833	\$ 164,833	\$ (38,167)	\$ (203,000)

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MONTEBELLO BUS GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Health and welfare	\$ -	\$ -	\$ 2,575	\$ (2,575)
OTHER FINANCING USES:				
Transfers out	-	-	(71,578)	(71,578)
NET CHANGE IN FUND BALANCE	-	-	(74,153)	(74,153)
FUND BALANCE - BEGINNING OF YEAR	74,153	74,153	74,153	-
FUND BALANCE - END OF YEAR	\$ 74,153	\$ 74,153	\$ -	\$ (74,153)

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ECONOMIC DEVELOPMENT ASSISTANCE GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 851,000	\$ 851,000	\$ -	\$ (851,000)
Investment and rental	-	-	37,642	37,642
Miscellaneous	-	-	109,161	109,161
TOTAL REVENUES	851,000	851,000	146,803	(704,197)
EXPENDITURES:				
Current:				
Community development	-	-	3,198	(3,198)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	851,000	851,000	143,605	(707,395)
OTHER FINANCING USES:				
Transfers out	(160,000)	(160,000)	(170,742)	(10,742)
NET CHANGE IN FUND BALANCE	691,000	691,000	(27,137)	(718,137)
FUND BALANCE - BEGINNING OF YEAR	2,413,553	2,413,553	2,413,553	-
FUND BALANCE - END OF YEAR	\$ 3,104,553	\$ 3,104,553	\$ 2,386,416	\$ (718,137)

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROP 12 PARK SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 27,949	\$ 27,949
OTHER FINANCING USES:				
Transfers out	-	-	(55,521)	(55,521)
NET CHANGE IN FUND BALANCE	-	-	(27,572)	(27,572)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(737,303)	(737,303)	(737,303)	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (737,303)</u>	<u>\$ (737,303)</u>	<u>\$ (764,875)</u>	<u>\$ (27,572)</u>

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PEDESTRIAN SAFETY PROGRAM SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 400,000	\$ 445,000	\$ 400,000	\$ (45,000)
EXPENDITURES:				
Current:				
Public works	445,000	445,000	4,037	440,963
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(45,000)	-	395,963	395,963
OTHER FINANCING USES:				
Transfers out	-	-	(28,367)	(28,367)
NET CHANGE IN FUND BALANCE	(45,000)	-	367,596	367,596
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(351,265)	(351,265)	(351,265)	-
FUND BALANCE - END OF YEAR	\$ (396,265)	\$ (351,265)	\$ 16,331	\$ 367,596

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

INTERMODAL SURFACE SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Public works	\$ -	\$ 135,000	\$ -	\$ 135,000
OTHER FINANCING USES:				
Transfers out	-	-	(28,015)	(28,015)
NET CHANGE IN FUND BALANCE	-	135,000	(28,015)	106,985
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(81,593)	(81,593)	(81,593)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (81,593)	\$ 53,407	\$ (109,608)	\$ 106,985

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STATE PARK SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 73,875	\$ 73,875
OTHER FINANCING USES:				
Transfers out	-	-	(587,787)	(587,787)
NET CHANGE IN FUND BALANCE	-	-	(513,912)	(513,912)
FUND BALANCE - BEGINNING OF YEAR	(245,377)	(245,377)	(245,377)	-
FUND BALANCE - END OF YEAR	<u>\$ (245,377)</u>	<u>\$ (245,377)</u>	<u>\$ (759,289)</u>	<u>\$ (513,912)</u>

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

IMAGE ENHANCEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 300,000	\$ 300,000	\$ 47,313	\$ (252,687)
Investment and rental	3,100	3,100	21,848	18,748
TOTAL REVENUES	303,100	303,100	69,161	(233,939)
EXPENDITURES:				
Current:				
General government	18,000	18,000	2,041	15,959
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	285,100	285,100	67,120	(217,980)
OTHER FINANCING USES:				
Transfers out	-	-	(22,070)	(22,070)
NET CHANGE IN FUND BALANCE	285,100	285,100	45,050	(240,050)
FUND BALANCE - BEGINNING OF YEAR	1,558,881	1,558,881	1,558,881	-
FUND BALANCE - END OF YEAR	\$ 1,843,981	\$ 1,843,981	\$ 1,603,931	\$ (240,050)

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRANSPORTATION DEVELOPMENT ACT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 33,400	\$ 33,400	\$ 4,497	\$ (28,903)
OTHER FINANCING USES:				
Transfers out	-	-	(4,592)	(4,592)
NET CHANGE IN FUND BALANCE	33,400	33,400	(95)	(33,495)
FUND BALANCE - BEGINNING OF YEAR	95	95	95	-
FUND BALANCE - END OF YEAR	\$ 33,495	\$ 33,495	\$ -	\$ (33,495)

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

REACH GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 835,000	\$ 835,000	\$ 863,425	\$ 28,425
Investment and rental	-	-	523	523
Miscellaneous	-	-	990	990
TOTAL REVENUES	835,000	835,000	864,938	29,938
EXPENDITURES:				
Current:				
Parks and recreation	870,600	870,600	815,259	55,341
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(35,600)	(35,600)	49,679	85,279
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ (35,600)	\$ (35,600)	\$ 49,679	\$ 85,279

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MISCELLANEOUS GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 158,000	\$ 438,000	\$ 140,128	\$ (297,872)
EXPENDITURES:				
Current:				
Public works	280,000	280,000	95	279,905
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(122,000)	158,000	140,033	(17,967)
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ (122,000)	\$ 158,000	\$ 140,033	\$ (17,967)

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ASSESSMENT DISTRICT 95-1 IMPROVEMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 100	\$ 100	\$ 427	\$ 327
OTHER FINANCING USES:				
Transfers out	(2,100)	(2,100)	(2,100)	-
NET CHANGE IN FUND BALANCE	(2,000)	(2,000)	(1,673)	327
FUND BALANCE - BEGINNING OF YEAR	6,900	6,900	6,900	-
FUND BALANCE - END OF YEAR	\$ 4,900	\$ 4,900	\$ 5,227	\$ 327

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FLOSSMOOR ROAD SEWER ASSESSMENT DISTRICT CAPITAL PROJECTS FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessment	\$ 22,000	\$ 22,000	\$ 23,724	\$ 1,724
EXPENDITURES:				
Capital outlay	52,000	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(30,000)	22,000	23,724	1,724
OTHER FINANCING USES:				
Transfers out	-	-	(30,640)	(30,640)
NET CHANGE IN FUND BALANCE	(30,000)	22,000	(6,916)	(28,916)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(68,338)	(68,338)	(68,338)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (98,338)	\$ (46,338)	\$ (75,254)	\$ (28,916)

See independent auditors' report.

CITY OF PICO RIVERA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARAMOUNT/MINES LANDSCAPE MAINTENANCE ASSESSMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 15,000	\$ 15,000	\$ 8,786	\$ (6,214)
EXPENDITURES:				
Current:				
Public works	3,000	-	-	-
NET CHANGE IN FUND BALANCE	12,000	15,000	8,786	(6,214)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(158,088)	(158,088)	(158,088)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (146,088)	\$ (143,088)	\$ (149,302)	\$ (6,214)

See independent auditors' report.

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CITY OF PICO RIVERA

DESCRIPTION OF OTHER ENTERPRISE FUNDS

June 30, 2005

These funds account for operations that are financed and operated in a manner similar to private business enterprises. The Whittier Narrows Recreation Area Other Enterprise Funds are as follows:

Pico Rivera Sports Arena, Stables and Campground Funds account individually for funds received from the respective private concessionaires operating each facility.

Pico Rivera Golf Course Fund records the operations of the City managed Golf Course.

CITY OF PICO RIVERA

COMBINING STATEMENT OF NET ASSETS
OTHER ENTERPRISE FUNDS

June 30, 2005

		Whittier Narrows Recreation Area		
		Sports Arena	Stables	Campground
ASSETS				
CURRENT ASSETS:				
Cash and investments		\$ 39,974	\$ 51,957	\$ 23,617
Receivables, net:				
Accounts		-	-	-
Interest		143	243	113
Deposits		-	-	-
Inventories, at cost		-	-	-
TOTAL CURRENT ASSETS		40,117	52,200	23,730
NONCURRENT ASSETS:				
Capital assets, not depreciated		2,172	763	1,195
Capital assets, depreciated, net		734,415	486,224	484,535
TOTAL NONCURRENT ASSETS		736,587	486,987	485,730
TOTAL ASSETS		776,704	539,187	509,460
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable		7	11	5
Accrued liabilities		-	-	-
Due to other funds		-	-	-
Compensated absences		-	-	-
TOTAL CURRENT LIABILITIES		7	11	5
NONCURRENT LIABILITIES:				
Advances from other funds		448,068	768,308	879,209
Compensated absences		-	-	-
TOTAL NONCURRENT LIABILITIES		448,068	768,308	879,209
TOTAL LIABILITIES		448,075	768,319	879,214
NET ASSETS				
Invested in capital assets, net of related debt		736,587	486,987	485,730
Unrestricted		(407,958)	(716,119)	(855,484)
TOTAL NET ASSETS (DEFICITS)		\$ 328,629	\$ (229,132)	\$ (369,754)

See independent auditors' report.

Whittier Narrows Recreation Area

<u>Golf Course</u>	<u>Total</u>
\$ -	\$ 115,548
2,067	2,067
-	499
11,685	11,685
<u>22,227</u>	<u>22,227</u>
<u>35,979</u>	<u>152,026</u>
38,945	43,075
<u>547,401</u>	<u>2,252,575</u>
<u>586,346</u>	<u>2,295,650</u>
<u>622,325</u>	<u>2,447,676</u>
26,930	26,953
7,372	7,372
602,661	602,661
<u>1,856</u>	<u>1,856</u>
<u>638,819</u>	<u>638,842</u>
379,675	2,475,260
<u>16,706</u>	<u>16,706</u>
<u>396,381</u>	<u>2,491,966</u>
<u>1,035,200</u>	<u>3,130,808</u>
586,346	2,295,650
<u>(999,221)</u>	<u>(2,978,782)</u>
<u>\$ (412,875)</u>	<u>\$ (683,132)</u>

CITY OF PICO RIVERA

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
OTHER ENTERPRISE FUNDS

For the year ended June 30, 2005

	Whittier Narrows Recreation Area		
	Sports Arena	Stables	Campground
OPERATING REVENUES:			
Charges for services	\$ 118,189	\$ 12,000	\$ -
Other revenues	-	-	-
TOTAL OPERATING REVENUES	118,189	12,000	-
OPERATING EXPENSES:			
Salaries and benefits	-	-	-
Contractual services	-	-	-
Administrative	62	57	34
Utilities	-	-	-
Maintenance and supplies	-	-	-
Depreciation	48,918	10,702	31,722
TOTAL OPERATING EXPENSES	48,980	10,759	31,756
OPERATING INCOME (LOSS)	69,209	1,241	(31,756)
NONOPERATING REVENUES (EXPENSES):			
Investment income	679	647	325
Interest expense	(13,936)	(15,455)	(10,800)
TOTAL NONOPERATING REVENUES (EXPENSES)	(13,257)	(14,808)	(10,475)
INCOME (LOSS) BEFORE TRANSFERS	55,952	(13,567)	(42,231)
TRANSFERS OUT	-	-	-
CHANGE IN NET ASSETS	55,952	(13,567)	(42,231)
TOTAL NET ASSETS (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	272,677	(215,565)	(327,523)
TOTAL NET ASSETS (DEFICITS) - END OF YEAR	\$ 328,629	\$ (229,132)	\$ (369,754)

See independent auditors' report.

Whittier Narrows Recreation Area

<u>Golf</u>	
<u>Course</u>	<u>Total</u>
\$ 711,709	\$ 841,898
56,094	56,094
<u>767,803</u>	<u>897,992</u>
342,593	342,593
47,908	47,908
77,965	78,118
100,701	100,701
83,027	83,027
84,032	175,374
<u>736,226</u>	<u>827,721</u>
<u>31,577</u>	<u>70,271</u>
-	1,651
<u>(22,140)</u>	<u>(62,331)</u>
<u>(22,140)</u>	<u>(60,680)</u>
9,437	9,591
<u>(322,262)</u>	<u>(322,262)</u>
(312,825)	(312,671)
<u>(100,050)</u>	<u>(370,461)</u>
<u>\$ (412,875)</u>	<u>\$ (683,132)</u>

CITY OF PICO RIVERA

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS

For the year ended June 30, 2005

	Whittier Narrows Recreation Area		
	Sports Arena	Stables	Campground
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 118,189	\$ 13,000	\$ 149
Payments to suppliers	(184)	(103)	(67)
Payments to employees	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	118,005	12,897	82
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Received from other funds	-	-	-
Paid to other funds	(100,000)	-	-
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(100,000)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	715	470	254
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,720	13,367	336
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	21,254	38,590	23,281
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 39,974	\$ 51,957	\$ 23,617
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 69,209	\$ 1,241	\$ (31,756)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	48,918	10,702	31,722
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivables	-	1,000	149
(Increase) decrease in deposits	-	-	-
(Increase) decrease in inventories	-	-	-
Increase (decrease) in accounts payable	(122)	(46)	(33)
Increase (decrease) in accrued liabilities	-	-	-
Increase (decrease) in compensated absences	-	-	-
TOTAL ADJUSTMENTS	48,796	11,656	31,838
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 118,005	\$ 12,897	\$ 82
NONCASH INVESTING AND FINANCING ACTIVITIES:			
Changes in advances related to accrued interest	\$ 13,936	\$ 15,455	\$ 10,800

See independent auditors' report.

Whittier Narrows Recreation Area

<u>Golf</u>	<u>Total</u>
<u>Course</u>	
\$ 767,736	\$ 899,074
(139,487)	(139,841)
<u>(373,943)</u>	<u>(373,943)</u>
254,306	385,290
67,956	67,956
<u>(322,262)</u>	<u>(422,262)</u>
<u>(254,306)</u>	<u>(354,306)</u>
-	1,439
-	32,423
-	83,125
<u>\$ -</u>	<u>\$ 115,548</u>
<u>\$ 31,577</u>	<u>\$ 70,271</u>
84,032	175,374
(67)	1,082
157,025	157,025
1,397	1,397
11,692	11,491
(16,680)	(16,680)
<u>(14,670)</u>	<u>(14,670)</u>
222,729	315,019
<u>\$ 254,306</u>	<u>\$ 385,290</u>
<u>\$ 22,140</u>	<u>\$ 62,331</u>

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CITY OF PICO RIVERA

DESCRIPTION OF AGENCY FUND

June 30, 2005

The Agency Fund accounts for assets held by the City as an agent for bond assessment districts. The Agency Fund is as follows:

The Assessment District 95-1 Improvement Fund accounts for monies received for the payment of the Special Assessment Bonds. Funds are annually assessed to each respective property owner by the Los Angeles County Tax Collector and remitted to the City.

CITY OF PICO RIVERA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

For the year ended June 30, 2005

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
ASSETS:				
Cash and investments	\$ 37,877	\$ 43,454	\$ 40,544	\$ 40,787
LIABILITIES:				
Deposits payable	\$ 37,877	\$ 43,454	\$ 40,544	\$ 40,787

See independent auditors' report

**STATISTICAL SECTION
(UNAUDITED)**

CITY OF PICO RIVERA

GOVERNMENT-WIDE EXPENSES BY PROGRAM

Last Three Fiscal Years

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Parks and Recreation</u>	<u>Health and Welfare</u>	<u>Community Development</u>
2002 - 03	\$ 10,543,667	\$ 6,406,252	\$ 4,504,378	\$ 5,125,458	\$ 3,712,452	\$ 9,583,043
2003 - 04	9,080,334	7,152,034	5,555,980	5,385,664	4,777,727	6,364,158
2004 - 05	11,428,626	7,623,674	6,126,234	4,981,564	4,579,545	7,558,819

Fiscal year 2002-2003 was the first year of implementation of the government-wide expenses by program schedule. Current year totals will continue to be added to this schedule until a total of ten years are listed.

<u>Loss on Land Held for Resale</u>	<u>Interest and Fiscal Charges</u>	<u>Water Operations</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
\$ 1,215,653	\$ 2,018,029	\$ 7,496,928	\$ 1,019,557	\$ 51,625,417
-	3,125,937	7,200,856	1,122,230	49,764,920
-	3,309,305	7,737,301	890,052	54,235,120

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CITY OF PICO RIVERA

GOVERNMENT-WIDE REVENUES BY SOURCE

Last Three Fiscal Years

Fiscal Year	Program Revenues			General Revenues			Totals
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Other	
2002 - 03	\$ 11,367,551	\$ 13,971,212	\$ 6,849,111	\$ 16,208,590	\$ 3,099,696	\$ 355,659	\$ 51,851,819
2003 - 04	11,486,306	16,606,780	5,948,509	23,264,992	3,154,492	83,906	60,544,985
2004 - 05	10,762,994	11,065,958	182,808	25,339,165	3,692,819	237,184	51,280,928

Fiscal year 2002-2003 was the first year of implementation of the government-wide revenues by source schedule. Current year totals will continue to be added to this schedule until a total of ten years are listed.

CITY OF PICO RIVERA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Parks and Recreation</u>	<u>Health and Welfare</u>
1995 - 96	\$ 5,728,663	\$ 5,569,854	\$ 2,800,388	\$ 3,157,795	\$ 3,255,984
1996 - 97	6,015,355	5,720,612	3,363,945	3,459,488	3,139,291
1997 - 98	5,895,265	5,993,376	3,583,506	3,696,303	3,435,090
1998 - 99	6,442,547	6,093,795	3,629,819	4,004,817	3,112,943
1999 - 00	6,144,576	6,197,012	3,994,472	4,776,280	3,583,641
2000 - 01	7,091,914	5,806,253	4,246,956	5,389,077	2,788,296
2001 - 02	9,009,965	6,210,953	4,452,841	5,874,344	2,845,409
2002 - 03	10,843,094	6,699,379	4,223,797	4,861,246	3,706,480
2003 - 04	8,874,546	7,147,968	5,387,103	4,868,313	4,777,727
2004 - 05	10,898,109	7,619,608	5,549,480	4,909,394	4,579,545

Source: City of Pico Rivera Finance Department.

<u>Community Development</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Other</u>	<u>Totals</u>
\$ 1,116,284	\$ 3,783,472	\$ 9,655,571	\$ 3,649,768	\$ 38,717,779
906,470	1,350,141	28,656,912	5,490,231	58,102,445
1,091,541	1,794,975	7,299,374	4,702,678	37,492,108
1,846,582	3,804,670	8,081,830	3,155,871	40,172,874
3,104,555	6,329,425	8,253,391	2,945,866	45,329,218
2,691,079	5,204,694	4,381,476	4,784,079	42,383,824
1,993,117	7,414,004	3,693,291	1,629,648	43,123,572
4,549,998	5,920,356	3,659,116	3,641,148	48,104,614
3,358,815	4,666,859	4,653,968	2,591,642	46,326,941
2,534,755	1,636,708	4,529,898	3,652,231	45,909,728

CITY OF PICO RIVERA

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	Sales and Use Taxes	Franchise Taxes	State Gas Tax	Other Taxes	Motor Vehicle License Fee	Licenses and Permits
1995 - 96	\$ 3,994,770	\$ 541,125	\$ 1,130,954	\$ 7,665,700	\$ 2,333,358	\$ 1,924,764
1996 - 97	4,003,874	531,257	1,106,104	11,416,727	2,486,061	1,803,153
1997 - 98	4,272,228	534,734	1,090,935	9,418,420	2,891,591	1,953,010
1998 - 99	3,694,879	520,166	1,133,982	9,431,981	2,909,201	1,954,963
1999 - 00	4,510,596	516,182	1,152,580	7,794,308	3,239,020	2,174,279
2000 - 01	5,000,215	551,678	1,180,010	7,348,425	3,558,005	5,799,368
2001 - 02	4,043,487	578,068	1,488,716	5,791,874	3,979,539	2,622,571
2002 - 03	5,453,985	583,996	1,262,225	7,430,510	3,957,269	3,010,067
2003 - 04	6,746,464	979,546	1,207,138	6,444,096	3,015,945	3,086,469
2004 - 05	6,762,134	1,109,691	1,224,089	10,707,234	4,847,810	2,929,773

Source: City of Pico Rivera Finance Department.

<u>Fines, Forfeits and Penalties</u>	<u>Investment and Rental</u>	<u>Inter- governmental</u>	<u>Charges for Services</u>	<u>Miscellaneous</u>	<u>Sale of Capital Assets</u>	<u>Totals</u>
\$ 496,915	\$ 3,688,825	\$ 12,922,287	\$ 846,845	\$ 1,423,855	\$ -	\$ 36,969,398
498,062	2,209,450	9,345,125	957,394	642,358	-	34,999,565
469,209	1,993,694	11,002,988	1,049,951	514,875	-	35,191,635
592,067	2,122,181	14,771,279	1,383,547	695,958	-	39,210,204
696,300	1,662,305	14,304,234	1,155,188	548,101	-	37,753,093
871,220	1,568,274	8,593,811	1,023,308	1,074,757	299,457	36,868,528
627,645	457,886	13,671,882	1,060,644	1,549,585	36,057	35,907,954
686,266	290,752	14,720,230	1,373,296	4,074,725	1,108,909	43,952,230
715,997	899,088	22,582,301	1,706,209	3,626,381	956,791	51,966,425
1,022,768	1,370,226	12,214,645	1,012,157	1,508,073	-	44,708,600

CITY OF PICO RIVERA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Net Total Assessed Values</u>	<u>Assessed for General Obligation Bonds (1)</u>	<u>Assessments Collected</u>
1995 - 96	\$ 2,069,817,372	\$ 399,475	\$ 366,157
1996 - 97	2,048,360,353	403,937	409,947
1997 - 98	2,091,722,917	401,067	420,667
1998 - 99	2,130,648,281	402,054	471,477
1999 - 00	2,176,342,356	414,219	430,946
2000 - 01	2,255,760,269	393,808	418,925
2001 - 02	2,302,060,234	391,985	393,971
2002 - 03	2,485,558,032	388,993	420,409
2003 - 04	2,703,979,007	389,650	429,684
2004 - 05	3,053,118,436	383,925	226,967

(1) General Obligation Bonds were issued in 1995. (See Financial Statement Footnote 12).

CITY OF PICO RIVERA

DIRECT AND OVERLAPPING GOVERNMENTS
PROPERTY TAX RATES
(PER \$100 OF ASSESSED VALUATION)

Last Ten Fiscal Years

Fiscal Year	General	City of Pico Rivera	Los Angeles County	County Flood Control District	Metropolitan Water District	El Rancho Unified School District	Rio Hondo Community College District	Total Tax Rate
1995 - 96	1.000000	0.019720	0.001604	0.001991	0.008900	0.037222	-	1.069437
1996 - 97	1.000000	0.019720	0.001604	0.001991	0.008900	0.037222	-	1.069437
1997 - 98	1.000000	0.019174	0.001584	0.002197	0.008900	0.032360	-	1.064215
1998 - 99	1.000000	0.019907	0.001451	0.001953	0.008900	0.041263	-	1.073474
1999 - 00	1.000000	0.019441	0.001422	0.001765	0.008900	0.017799	-	1.049327
2000 - 01	1.000000	0.018095	0.001314	0.001552	0.008800	0.038066	-	1.067827
2001 - 02	1.000000	0.017377	0.001125	0.001073	0.007700	0.036607	-	1.063882
2002 - 03	1.000000	0.016898	0.001033	0.000881	0.006700	0.038801	-	1.064313
2003 - 04	1.000000	0.007133	0.000923	0.000245	0.005800	0.081672	0.021695	1.117468
2004 - 05	1.000000	0.000000	0.000795	0.000049	0.005200	0.081754	0.018021	1.105819

Note: The City of Pico Rivera is a non-property tax city and therefore is reflecting no property tax rate.

CITY OF PICO RIVERA

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Property Assessed Value</u>	<u>Real Property Estimated Actual Value</u>	<u>Personal Property Assessed Value</u>	<u>Personal Property Estimated Actual Value</u>	<u>Total/Real Personal Property Assessed Value</u>
1995 - 96	\$ 1,896,606,242	\$ 1,896,606,242	\$ 248,736,839	\$ 248,736,839	\$ 2,145,343,081
1996 - 97	1,900,765,933	1,900,765,933	222,658,127	222,658,127	2,123,424,060
1997 - 98	1,932,835,993	1,932,835,993	236,326,236	236,326,236	2,169,162,229
1998 - 99	2,031,754,689	2,031,754,689	177,265,529	177,265,529	2,209,020,218
1999 - 00	2,117,541,041	2,117,541,041	136,979,545	136,979,545	2,254,520,586
2000 - 01	2,224,728,570	2,224,728,570	108,395,595	108,395,595	2,333,124,165
2001 - 02	2,274,438,955	2,274,438,955	107,689,253	107,689,253	2,382,128,208
2002 - 03	2,460,980,141	2,460,980,141	100,144,195	100,144,195	2,561,124,336
2003 - 04	2,685,700,103	2,685,700,103	106,448,736	106,448,736	2,792,148,839
2004 - 05	3,026,878,082	3,026,878,082	122,311,394	122,311,394	3,149,189,476

Source: Los Angeles County Auditor-Controller.

<u>Total Other Exemptions</u>	<u>Total Homeowner Exemptions</u>	<u>Net Total Assessed Value</u>	<u>Net Total Estimated Actual Value</u>
\$ 11,079,874	\$ 64,445,835	\$ 2,069,817,372	\$ 2,069,817,372
11,658,015	63,405,692	2,048,360,353	2,048,360,353
14,261,715	63,177,597	2,091,722,917	2,091,722,917
16,926,088	61,445,849	2,130,648,281	2,130,648,281
16,898,028	61,280,202	2,176,342,356	2,176,342,356
16,575,984	60,787,912	2,255,760,269	2,255,760,269
20,155,064	59,912,910	2,302,060,234	2,302,060,234
16,575,984	58,990,320	2,485,558,032	2,485,558,032
28,742,712	59,427,120	2,703,979,007	2,703,979,007
36,974,320	59,096,720	3,053,118,436	3,053,118,436

CITY OF PICO RIVERA

TOP TWENTY-FIVE (25) SALES TAX PRODUCERS

June 30, 2005

Taxpayer	Type of Business
Am Pm Mini Market	Service Stations
Apro	Service Stations
Arrow Containers & Packaging	Light Industrial/Printers
California Wholesale Material Supply	Contractors
Cintas Sales	Textiles/Furnishings
Dal Rae Restaurant	Restaurants Beer and Wine
Home Depot	Lumber/Building Materials
Ionics Ultrapure Water	Water Conditioning
Kwik Gas	Service Stations
Lowe's	Lumber/Building Materials
Mashall's	Discount Department Store
McDonald's	Fast Food
Pico Rivera Gas and Carwash	Service Stations
Ralph's	Grocery Stores Liquor
Riviera Car Wash	Service Stations
Ross	Discount Department Store
Saw Service of America, Inc.	Repair & Hand Trade Shop
Southcoast Peterbilt	Motor Vehicle Dealer
Southern Calif Material Handling (SCMH)	Repair Shops
Staples	Miscellaneous Retail
Surburban Propane	Service Stations
Target	Discount Department Store
UniSource Office Services	Distributor
United Rentals	Repair Shops
Verizon Wireless	Miscellaneous Retail

Firms listed alphabetically

Period: January through March 2005

CITY OF PICO RIVERA

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2005

TOTAL ASSESSED VALUE, INCLUDING EXEMPT PROPERTY	<u>\$ 3,149,189,476</u>
DEBT LIMIT - 15% OF ASSESSED VALUATION	\$ 472,378,421
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT	<u>(375,000)</u>
LEGAL DEBT MARGIN	<u>\$ 472,003,421</u>

Section 43605 of the Government Code of the State of California limits the amount of general bonded indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

CITY OF PICO RIVERA

RATIO OF NET GENERAL BONDED DEBT TO TOTAL ASSESSED VALUATION AND NET BONDED DEBT PER CAPITA

Last Ten Fiscal Years

Fiscal Year	(1) Population	Total Assessed Valuation	(2) Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
1995 - 96	61,113	\$ 2,145,343,081	\$ 2,960,000	\$ -	\$ 2,960,000	0.14%	\$ 48
1996 - 97	61,790	2,123,424,060	2,730,000	-	2,730,000	0.13%	44
1997 - 98	62,591	2,169,162,229	2,485,000	-	2,485,000	0.11%	40
1998 - 99	63,217	2,209,020,218	2,230,000	-	2,230,000	0.10%	35
1999 - 00	63,849	2,254,520,586	1,960,000	-	1,960,000	0.09%	31
2000 - 01	63,643	2,333,124,165	1,675,000	-	1,675,000	0.07%	26
2001 - 02	65,272	2,341,818,080	1,375,000	-	1,375,000	0.06%	21
2002 - 03	65,925	2,561,124,336	1,060,000	-	1,060,000	0.04%	16
2003 - 04	66,003	2,792,148,839	725,000	-	725,000	0.03%	11
2004 - 05	66,663	3,149,189,476	375,000	-	375,000	0.01%	6

Notes:

- (1) Population figures were obtained from the State of California Department of Finance.,
- (2) General bonded debt includes bonds supported by property tax allocations and by special benefit assessments.

Source: City of Pico Rivera Finance Department, except as noted above.

CITY OF PICO RIVERA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL
GOVERNMENTAL EXPENDITURES (1)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Services to General Expenditures</u>
1995 - 96	\$ -	\$ -	\$ -	\$ 38,817,779	0.00%
1996 - 97	230,000	164,688	394,688	58,102,445	0.68%
1997 - 98	245,000	154,034	399,034	37,492,108	1.06%
1998 - 99	255,000	140,786	395,786	41,082,118	0.96%
1999 - 00	270,000	124,490	394,490	45,329,218	0.87%
2000 - 01	285,000	108,808	393,808	42,383,824	0.93%
2001 - 02	300,000	91,986	391,986	43,128,572	0.91%
2002 - 03	315,000	75,635	390,635	48,104,614	0.81%
2003 - 04	335,000	54,650	389,650	46,326,941	0.84%
2004 - 05	375,000	11,600	386,600	46,078,818	0.84%

Note:

(1) General bonded debt includes bonds supported by property tax allocations and by special benefit assessments.

CITY OF PICO RIVERA

SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2005

2004 - 2005 Assessed Valuation:	\$ 2,763,406,127
Redevelopment Incremental Valuation:	(437,577,492)
Adjusted Assessed Valuation:	<u>\$ 2,325,828,635</u>

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	<u>% Applicable</u>	<u>Debt 6/30/05</u>
Los Angeles County	0.342%	\$ 55,421
Los Angeles County Flood Control District	0.343%	418,048
Metropolitan Water District	0.175%	733,933
Los Angeles Community College	0.015%	110,802
Rio Hondo Community College District	13.063%	7,576,540
El Rancho Unified School District	99.994%	15,575,076
Montebello Unified School District	0.839%	700,039
Whittier Union High School District	0.656%	624,381
Whittier City School District	2.290%	671,657
City of Pico Rivera	100.000%	375,000
City of Pico Rivera 1915 Act Bonds	100.000%	195,000
Los Angeles County Regional Park and Open Space Assessment District	0.342%	<u>1,195,940</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 28,231,837</u>

OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Los Angeles County General Fund Obligations	0.342%	\$ 4,751,919
Los Angeles County Pension Obligations	0.342%	3,591,333
Los Angeles County Superintendent of Schools Certificates of Participation	0.342%	81,281
Montebello Unified School District Certificates of Participation	0.839%	199,766
Whittier City School District Certificates of Participation	2.290%	207,589
Los Angeles County Sanitation District No. 2 Authority	7.997%	3,410,570
Los Angeles County Sanitation District No. 18 Authority	0.299%	<u>71,290</u>
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		12,313,748
Less: Los Angeles County Certificates of Participation (100% self-supporting from leasehold revenues on properties in Marina Del Rey)		<u>(189,280)</u>
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 12,124,468</u>

GROSS COMBINED TOTAL DEBT	<u>\$ 40,545,585</u>	(1)
NET COMBINED TOTAL DEBT	<u>\$ 40,356,305</u>	

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and nonbonded capital lease obligations.

RATIOS TO 2004-05 ASSESSED VALUATION:

Direct Debt (\$375,000)	0.01%
Total Overlapping Tax and Assessment Debt	1.02%

RATIOS TO ASSESSED VALUATION:

Gross Combined Total Debt	1.74%
Net Combined Total Debt	1.74%

STATE SCHOOL BUILDING AID REPAYABLE AS OF JUNE 30, 2005: \$0

Source: California Municipal Statistics, Inc.

CITY OF PICO RIVERA

SCHEDULE OF WATER AUTHORITY REVENUE BOND COVERAGE

Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Rate Stabilization Fund (3)	Gross Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements	Coverage
1995 - 96	\$ 4,677,913	\$ 571,113	\$ 2,903,910	\$ 2,345,116	\$ 1,635,772	1.43
1996 - 97	4,942,218	917,570	2,690,091	3,169,697	1,626,014	1.95
1997 - 98	5,383,075	972,586	2,985,633	3,370,028	1,625,028	2.07
1998 - 99	4,744,554	600,000	2,725,892	2,618,662	1,612,818	1.62
1999 - 00 (4)	5,213,611	600,000	3,059,422	2,754,189	1,644,068	1.68
2000 - 01 (5)	6,286,912	600,000	2,944,773	3,942,139	2,452,563	1.61
2001 - 02	7,964,666	600,000	2,956,755	5,607,911	4,276,613	1.31
2002 - 03	8,018,375	600,000	3,252,982	5,365,393	4,750,314	1.13
2003 - 04	8,067,691	600,000	2,985,383	5,682,308	4,747,618	1.20
2004 - 05	8,224,873	600,000	3,629,441	5,195,433	4,746,480	1.09

Notes:

- (1) Total revenue inclusive of interest income.
- (2) Total operating expenses exclusive of depreciation and amortization.
- (3) The Rate Stabilization Fund was established pursuant to Section 4.7(b) of the installment sale agreement of the 1992 Refunding Revenue Water Bonds and is pledged to secure payment of the bonds. A new Rate Stabilization Fund was created pursuant to Section 5.02 of Indenture of Trust dated April 1, 1999. This authorized the issuance of the Pico Rivera Water Authority Revenue Bonds, 1999 Series A and the Taxable Revenue Bonds, 1999 Series B.
- (4) On May 5, 1999, the Water Fund (Enterprise Fund) activities were transferred to the Pico Rivera Water Authority, a separate, legal entity managed by the City of Pico Rivera.
- (5) On January 30, 2001, the Pico Rivera Water Authority issued \$40,710,000 Revenue Bonds, 2001 Series A to purchase the Pico Rivera Redevelopment Project No. 1 Tax Allocation Refunding Bonds and to pay the expenses of the Authority in connection with the delivery of the Bonds.

Source: City of Pico Rivera Finance Department.

CITY OF PICO RIVERA
DEMOGRAPHIC STATISTICS

June 30, 2005

<u>Fiscal Year</u>	<u>Population (1)</u>
1995 - 96	61,113
1996 - 97	61,790
1997 - 98	62,591
1998 - 99	63,217
1999 - 00	63,849
2000 - 01	63,643
2001 - 02	65,272
2002 - 03	65,925
2003 - 04	66,003
2004 - 05	66,663

HOUSEHOLDS (2)

<u>Household Income</u>	2000 Census		2005 Estimate		2010 Projected	
	Number of Households	Percentage	Number of Households	Percentage	Number of Households	Percentage
\$0 - 15,000	2,701	16.41%	2,334	13.68%	2,109	11.86%
15,000 - 24,999	2,037	12.37%	1,919	11.25%	1,763	9.92%
25,000 - 34,999	2,096	12.73%	1,861	10.91%	1,729	9.73%
35,000 - 45,999	2,983	18.12%	2,852	16.72%	2,704	15.21%
50,000 - 74,999	3,462	21.03%	3,648	21.38%	3,756	21.13%
75,000 - 99,999	1,853	11.25%	2,165	12.69%	2,395	13.47%
100,000 - 149,999	1,042	6.33%	1,760	10.32%	2,445	13.75%
150,000 - 249,999	231	1.40%	415	2.43%	705	3.97%
250,000 - 499,999	47	0.29%	80	0.47%	121	0.68%
500,000 or more	12	0.07%	28	0.16%	49	0.28%
Total Households	<u>16,464</u>		<u>17,062</u>		<u>17,776</u>	

Sources: (1) State of California, Department of Finance
(2) Claritas, Inc.

CITY OF PICO RIVERA

PROPERTY VALUE FROM CONSTRUCTION AND BANK DEPOSITS

Last Ten Fiscal Years

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Bank Deposits (2)		
	Number of Permits	Value	Number of Permits	Value	Banks	Savings and Loans	Credit Unions
1995 - 96	551	\$ 7,106,732	261	\$ 6,079,826	\$ 111,057,000	\$ 123,000,000	\$ -
1996 - 97	526	4,412,681	302	12,983,441	111,057,000	167,425,000	-
1997 - 98	528	8,497,966	193	9,780,957	149,878,000	165,836,000	-
1998 - 99	580	5,251,594	364	28,212,811	162,278,000	147,522,000	-
1999 - 00	497	30,058,937	160	3,074,707	153,546,000	163,560,000	-
2000 - 01	255	27,724,953	639	11,955,186	190,699,000	146,555,000	-
2001 - 02	258	59,923,116	570	6,429,657	203,125,000	143,369,000	-
2002 - 03	479	37,014,044	583	13,263,888	198,696,000	158,066,000	-
2003 - 04	194	57,939,587	1007	11,407,417	218,112,000	172,210,000	-
2004 - 05	316	6,536,855	871	15,776,898	231,195,000	186,419,000	-

Sources: (1) City of Pico Rivera Building Department
 (2) www.fdic.gov (Download from Internet)

CITY OF PICO RIVERA

MAJOR EMPLOYERS

June 30, 2005

Employer	Number of Employees
El Rancho Unified School District	1,658
City of Pico Rivera	416
Wal-Mart	409
Target	395
WestCo-BakeMark	266
Cintas Corporation	212
Lowe's Home Improvement Center	200
Southern California Material Handling, Inc.	186
Lubricating Specialties Company	177
Bay Cities Container Corporation	131
The Home Depot	120
Bimbo Bakeries	110
Gigante Food Store	102

Source: City of Pico Rivera Finance Department.

CITY OF PICO RIVERA

INSURANCE SCHEDULE

June 30, 2005

California Joint Powers Insurance Authority: Joint Liability Protection Program

- A. Bodily injury/property damage/errors and omissions/personal injury \$50,000,000 combined single limit per occurrence. (Aggregate Limit \$50,000,000)
- B. Workers' Compensation:
 - 1. Scheduled statutory benefits
 - 2. Excess liability \$10,000,000 per occurrence
- C. All Risk Property (Replacement Cost/\$5,000 Deductible)
- D. Earthquake and Flood Insurance (Replacement Cost/Earthquake 5% of value with a minimum \$100,000 Deductible, Flood \$100,000 Deductible per occurrence)
- E. Boiler and Machinery Insurance \$80,000,000 limit of liability/\$5,000 deductible limit per described unit
- F. Auto Comp & Collision for emergency vehicles (Stated Value/\$1,000 Deductible)
- G. Blanket Fidelity Bond (\$1,000,000 per member/\$2,500 Deductible)
 - 1. Faithful Performance
 - 2. Forgery
 - 3. Theft
 - 4. Computer Fraud
- H. Pollution and Remediation Legal Liability (\$10,000,000 per member/\$50,000 Retention)
 - 1. Property
 - 2. Streets
 - 3. Storm Drains
 - 4. Approved Underground Tanks
 - 5. Approved Nonowned disposal sites for pollution conditions occurring after July 1, 1992
 - 6. Acquired Property
- I. Special Event Tenet User (\$1,000,000 per occurrence/\$1,000,000 aggregate per event and \$5,000 medical expense limit)

CITY OF PICO RIVERA
MISCELLANEOUS STATISTICAL DATA

June 30, 2005

Date of Incorporation:	January 29, 1958		
Form of Government:	Council/City Administrator		
Number of Employees:			
Full Time	162		
Part-Time	254	*	
Area:	8.4 Square Miles		
Population:	66,003		
Area by Acres:			
Residential	1,905 Acres	34.35%	
Commercial	194 Acres	3.50%	
Industrial	797 Acres	14.37%	
Institutional/Public/Special Uses	510 Acres	9.20%	
Agricultural	929 Acres	16.75%	
Streets and Highways	1,080 Acres	19.47%	
Vacant	131 Acres	2.36%	
Miles of Streets:	115.18		
Number of Street Lights:	3,430		
Fire Protection (1):			
Stations	3		
Firefighters	45		
Police Protection (1):			
Number of Sworn Officers	102		
Recreation and Culture:			
Parks	7		
Park Acreage	113 Acres		
Campground (Whittier Narrows)	60 Acres		
Stadium	1		
Swimming Pool	1		
Golf Course	1		
Stables	1		
Branch Libraries (1)	2		
Number of Books (2)	121,000		

* Part-Time employees vary throughout the year.

(1) Services are contracted with the County of Los Angeles.

(2) Materials include books, periodicals, video tapes and cassettes, plus access to over 6 million other materials in English and Spanish. Also, there are 7 computers with internet accessibility available for use.

Source: City of Pico Rivera Finance Department