

**Comprehensive Annual Financial Report
City of Pico Rivera, California
Year ended June 30, 2010
with Report of Independent Auditors**

Prepared by: Finance Department

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
City Officials	xi
Organizational Chart	xii
Certificate of Achievement for Excellence in Financial Reporting	xiii
FINANCIAL SECTION	
Report of Independent Auditors	1
Management’s Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	19
Statement of Activities	20
Fund Financial Statements	
Description of Major Funds	21
Balance Sheet	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	24
Statement of Revenues, Expenditures, and Changes in Fund Balances	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds	
Statement of Net Assets	29
Statement of Revenues, Expenses, and Changes in Net Assets	30
Statement of Cash Flows	31
Fiduciary Fund	
Description of Agency Fund	32
Statement of Fiduciary Assets and Liabilities	33
Notes to Financial Statements	34
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	67
Housing Agency Special Revenue Fund	68
California Public Retirement – Schedule of Funding Progress	69
Notes to Required Supplementary Information	70

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules – Other Major Funds	
Debt Service Fund	71
Capital Improvement Capital Projects Fund	72
Redevelopment Agency Capital Projects Fund	73
2009 Lease Revenue Capital Projects Fund	74
 Other Governmental Funds	
Description of Other Governmental Funds	75
Combining Balance Sheet	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	78
Combining Balance Sheet – Other Special Revenue Funds	79
Combining Statement of Revenues, Expenditures, and Fund Balances – Other Special Revenue Funds	85
Combining Balance Sheet – Other Capital Project Funds	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Other Capital Project Funds	92
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Community Development Block Grant Special Revenue Fund	93
Equipment Replacement Special Revenue Fund	94
State Gas Tax Special Revenue Fund	95
Lighting Assessment District Special Revenue Fund	96
Park Development Special Revenue Fund	97
Prop A Special Revenue Fund	98
Prop C Special Revenue Fund	99
Measure R Special Revenue Fund	100
CALHOME Grant Special Revenue Fund	101
Air Quality Improvement Special Revenue Fund	102
State Grants Special Revenue Fund	103
County Grants Special Revenue Fund	104
Economic Development Assistance Grant Special Revenue Fund	105
Image Enhancement Special Revenue Fund	106
Reach Grants Special Revenue Fund	107
Miscellaneous Grant Special Revenue Fund	108
Floosmoor Road Sewer Assessment District Capital Projects Fund	109
Paramount/Mines Landscape Maintenance Assessment Capital Projects Fund	110
 Other Enterprise Funds	
Description of Other Enterprise Funds	111
Combining Statement of Net Assets	112
Combining Statement of Revenues, Expenses, and Changes in Net Assets	113
Combining Statement of Cash Flows	114
 Agency Fund	
Description of Agency Fund	115
Statement of Changes in Assets and Liabilities	116

	<u>PAGE</u>
STATISTICAL SECTION (UNAUDITED)	
Description of Statistical Section Contents	117
Financial Trends	
Net Assets by Component – Last Eight Fiscal Years	118
Change in Net Assets - Expenses and Program Revenues - Last Eight Fiscal Years	119
Change in Net Assets - General Revenues - Last Eight Fiscal Years	120
Fund Balances of Governmental Funds - Last Eight Fiscal Years	121
Changes in Fund Balances of Governmental Funds - Last Eight Fiscal Years	122
Revenue Capacity	
Governmental Activities Tax Revenues by Sources – Last Eight Fiscal Years	123
Revenue Base by Category - Last Eight Fiscal Years	124
Property Tax Levies and Tax Collections - Last Seven Fiscal Years	125
Direct and Overlapping Governments Property Tax Rates - Last Eight Fiscal Years	126
Principal Property Taxpayers - Current Fiscal Year and Nine Fiscal Years Ago	127
Top 25 Sales Tax Producers – Current Fiscal Year and Ten Years Ago	128
Debt Capacity	
Ratios of Outstanding Debt by Type - Last Eight Fiscal Years	129
Ratios of General Bonded Debt Outstanding - Last Eight Fiscal Years	130
Direct and Overlapping Debt	131
Legal Debt Margin Information - Last Eight Fiscal Years	132
Pledged Revenue Bond Coverage:	133
Water Authority Revenue Bonds - Last Ten Fiscal Years	
1989 Tax Allocation - Four Fiscal Years	
2001 Tax Allocation Refunding Bonds - Last Ten Fiscal Years	
Demographic and Economic Information	
Demographic and Economic Statistics - Last Eight Fiscal Years	134
Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago	135
Operating Information	
Full-Time Equivalent City Employees by Function - Last Eight Fiscal Years	136
Operating Indicators by Function - Last Eight Fiscal Years	137
Capital Asset Statistics by Function - Last Eight Fiscal Years	138

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City Council

David W. Armenta
Mayor

Bob J. Archuleta
Mayor Pro Tem

Gustavo V. Camacho
Councilmember

Barbara
Contreras Rapisarda
Councilmember

Gregory Salcido
Councilmember

December 28, 2010

Honorable Mayor and City Council
City of Pico Rivera, California

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Pico Rivera for the fiscal year ended June 30, 2010. The City Council and management of Pico Rivera focuses on providing accurate, timely, relevant and comparable financial information to provide a relative perspective to readers of City financial reports to make a decision on the organization.

The CAFR is intended to provide the City Council, the residents, general public, and interested parties with a broad financial outlook of the City. The guidelines set forth by the Government Accounting Standards Board (GASB) were followed in the preparation of this report, which is designed to assess the City's financial condition and inform the public of the City's services. This transmittal letter is designed to complement the Management Discussion and Analysis section (MD&A), and therefore, should be read with it. The City's MD&A can be found immediately following the independent auditors' report.

Vasquez & Company, LLP, Certified Public Accountants & Business Consultants has issued an unqualified opinion on the City of Pico Rivera's financial statements for the fiscal year ended June 30, 2010. The independent auditor's report is located at the beginning of the financial section of this report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pico Rivera for its comprehensive annual financial report for the fiscal year ended June 30, 2009. Excluding 2007 (due to significant management turnover), this was the 11th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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 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 has recognized the financial challenges facing it as both an organization and a community. As a government organization, the City has the responsibility to prudently manage the City's resources to preserve public safety, public works, community services, and many other public services. The management and legislative leadership of the City recognized the Great Recession back in 2007, and began an aggressive and proactive fiscal policy initiative to right-size the organization, cut costs, and improve cost-recovery in user fees in anticipation of declining revenues in the coming fiscal years. As discussed above, the most important fiscal policy initiative taken was to educate the community on the need to strengthen the City's balance sheet by raising the sales tax rate by a full 1%.

Management and the City Council recognize the impacts of higher taxation on a local community. However, the excellent foresight of the City Council during the last decade, using Redevelopment to construct large retail facilities that allows local and visiting consumers to buy in Pico Rivera, is expected to more than make up for the impact of the higher 1% sales tax on the local business community.

As stated above, the 1% transactions tax (Measure P) on retail sales allowed the City to raise \$6.3 million annually in the General Fund. Initially, there were concerns that this tax increase would impact the local economy. However, since approval in November 2008, the retail sales data show that Pico Rivera is outperforming many Cities in the region in sales tax revenues on a "recession-adjusted" basis. Recent estimates support the fact that consumers who live in Pico Rivera and those who visit the City are driving up retail sales, thanks to the attractive retail shopping centers in the City.

Yet, even with the Measure P revenue, Pico Rivera is experiencing a lot of the same negative impacts from high unemployment, sagging real estate values, and their impact on consumer spending.

Pessimistic sentiment among consumers and the falling housing market will continue to be a concern to the City throughout the next couple of years.

The RDA is the single most important fiscal threat to the City's General Fund as it will be the General Fund that may have to step in to make up the negative cash flow in the RDA to preserve bonded indebtedness and other costs.

The economic recession is hurting property taxes, even in stable communities like Pico Rivera, which also impacts the Pico Rivera Redevelopment Agency (RDA) which is funded by incremental increases in property tax values. Compounding this fiscal problem in the RDA is the County of Los Angeles and the State of California. The County took away about \$1.2 million annually from the RDA, which was formerly a "deferral" of property tax increment revenue that is shared between the RDA and the County. Also, the State took \$1.7 million from the RDA as a SERAF (Supplemental Educational Revenue Augmentation Fund) take away to fund the State budget. The RDA will have to give up another \$350k next fiscal year in SERAF payments to the State.

The RDA has started discussions with the County to obtain an extension of the deferral of pass-through tax revenue to assist the RDA during this economic recession. Otherwise, the City's General Fund will have to provide this fiscal support to the RDA.

The City will continue to evaluate "alternative service delivery", utilizing contractual agreements for various services. Also, the City has been active in applying for federal and state grants as well as renewing existing grants. Knowing that some grant funding from the State and the Federal may face cuts, the City will still continue its efforts to boost revenue resources and recover costs more efficiently wherever possible.

And the City will continue with its promotional "Shop Pico Rivera" program to enhance retail sales in the City. Shop Pico Rivera is designed to educate residents about the importance of sales tax revenues and to help promote local businesses. This effort will become increasingly meaningful for the City especially with the passage of Measure P.

Management's ability to achieve a 25% operating reserve in the General Fund will provide a significant cushion to weather continued economic uncertainty on through next year. And through the Mid-Year Budget Review process, management will closely monitor financial performance to ensure the City maintains services in the long run. All local governments are hopeful that the economy will begin to recover some of the tax revenue losses of the past two years. If the economy does not recover, Pico Rivera and all other Cities will have to face the decision to make cuts in spending while meeting highest priority services for the community.

City Accomplishments and Initiatives

Many of the achievements were highlighted in video programs featured on CTV3, the City's cable television channel, which broadcasts live City Council meetings.

Once again, the City's award-winning newsletter, the Profile, kept residents up-to-date with events and activities that happened around the community. With the start of another year already here, we take a look back at the events that shaped the city's future during fiscal year of 2009/2010.

PARKS & RECREATION

- Implemented a healthy benefits initiative to promote healthy living for 700 students in the REACH Program.
- Senior Center renovation project to expand fitness room and 16 station computer lab/internet café was completed.
- Absorbed adult school summer classes giving 95 seniors the opportunity to learn, socialize and pursue special interests.
- Completed the initial design work of the Parks Master Plan for the renovation of Rivera, Pico, Smith and Rio Vista Parks.
- Submitted grant application for creation of neighborhood Park at Pio Pico School.
- Successfully instituted the Free Summer Lunch Program serving over 10,000 lunches to children at three park sites.
- Hosted the SCMAF youth basketball championships bringing 1,500 people that contributed to the local economy.
- Revised facility usage rules and regulations and established fees for private use of recreation facilities.
- Completed the first full year of Batting Cage operations serving over 10,500 patrons.
- Secured Los Angeles County Arts Commission grant for summer concert series that was enjoyed by over 2,500 people.
- Began rental operations of the Golf Course Banquet room.
- Youth Center attendance increased by 50%. Established programs such as Italian as a third language and a reading book club.
- Served 1,697,000 participants in various programs at the parks.
- Expanded quarterly Zumba workshops and surpassed last year's attendance record.
- Served over 2,500 youth through non fee program.
- Developed new Community Garden program Gardener Handbook.
- Establish Community Gardens volunteer based garden maintenance program.
- Constructed Community Gardens butterfly garden.
- Decreased child supervision program fees.
- Incorporated progress report component that tracks and measures Tiny Tots program participant's progress and development in program through the year.
- Incorporated First Lady Michelle Obama's "Let's Move" campaign into child supervision programs.
- Increased Youth Center patron participation by 35%.
- Secured two volunteers to teach year round programs at Youth Center.
- Incorporated educational excursions at the Youth Center such as theatrical plays, and museums.
- Introduced two free new programs, Self- Defense and Lear to speak Italian.
- Over 70,000 people attended citywide special events.
- Provided over 24,000 meals to local children and youth through the summer lunch program.

COMMUNITY DEVELOPMENT

Building Division

- Issued permits for \$12,070,541 in building valuation.
- Conducted approximately 16,492 varied inspections.
- Processed approximately 1,203 plan checks.
- Processed approximately 233 permits that were about to cancel.
- Conducted approximately 1,206 Section 8 and CBDG/Home loan inspections for the Housing Division.

Housing Division

- The Section 8 Program sustained a lease up average rate of 96% serving an average of 498 families with rental subsidies.
- Housing staff pulled 83 applicants off the Section 8 waiting list to determine the family's eligibility for the program. As a result, 34 vouchers were issued to eligible families. All 34 families found a unit to lease.
- HUD awarded a total grant amount of \$64,689 to administer the Section 8 Family-Self-Sufficiency program.
- The Housing Division continued to implement cost effective measures, by recycling files, unused paper, circulating Housing updates, messages and memos via email.
- Expended \$67,933 in HOME Program Income funds. A total of two homes were rehabilitated with HOME program income.
- Expended \$194,614 in CDBG funds. A total of 35 houses were rehabilitated with CDBG funds.
- In 2008, Pico Rivera received \$780,000 in HOME funds from the State of California to administer the HOME Rehabilitation program. To date, \$697,262 has been expended to rehabilitate a total of 17 homes.
- Staff prepared and submitted a competitive Cal-Home grant in the amount of \$1,000,000.

Neighborhood Services Division

- A total of 825 new cases were opened. A decrease of 5.1% new cases from the previous fiscal year.
- A total of 798 cases were abated. A decrease of 8.5% from the 2008-09 fiscal year.
- Approximately 5,300 case updates and site inspections were conducted within the 2009-10 fiscal year.

Administrative Citations:

- From July 2009 to June 2010, the Administrative Citation Program has resulted in the issuance of over 209 citations totaling \$103,465 in penalties and fees. These citations are issued to repeat offenders for code violations, to violators where compliance had not been obtained after several opportunities to comply and also to venues which place illegal signage in the public right-of-way. Approximately 73 citations have been paid to date. The remaining balance of approximately \$93,215 will be collected through the Franchise tax Board and collections.
- The Neighborhood Improvement Division conducted nuisance abatement for 6331 Redbird Drive regarding a hazardous condition (overgrown vegetation) throughout an abandoned home. A city resident submitted the complaint because they were concerned fireworks would start a fire at the property during the observance of the Fourth of July holiday. The nuisance abatement was successfully conducted before the Fourth of July holiday and the file was abated on August 14, 2009.

Planning Division

Long Range Planning

- Staff prepared and submitted the Los Angeles County Metropolitan Transportation Authority (Metro), Congestion Management Report.
- Staff monitored and provided feedback to the Los Angeles County Metropolitan Transportation Authority (Metro), for the Goldline Eastside Extension Phase II.
- Planning and Building Division staff provided project management for the Senior Center Renovation project construction and grant funding.

- Staff conducted inspection and monitored the termination of use for the Showgirls establishment.

Current Planning/Major Projects:

- Commercial Building (4101 Rosemead Boulevard) – Project completed. Construction of a 2,919 square foot two-story commercial building. The Community and Economic Development Department has signed off on all outstanding building and planning permits.
- BNSF (7427 Rosemead Boulevard) – Project completed. Construction of a 4,979 square foot office building and a 2,639 square foot storage structure. The Community and Economic Development Department has signed off on all outstanding building and planning permits.
- Installed Geographic Information System (GIS) software on two (2) Planning Division computers and provided Planning staff with an introductory overview of features and capabilities.
- Staff completed participation in the 2010 Decennial Census Local Update of Census Addresses (LUCA) Program.

APPROVED ENTITLEMENTS

- Conditional Use Permit Modification No. 360.3 (6005 Rosemead Boulevard) – Chuck E. Cheese expansion and remodel
- Conditional Use Permit No. 702 (5044 Durfee Avenue) – Wireless telecommunication facility
- Conditional Use Permit No. 730 (8945½ Washington Boulevard) – ABC license (Wingstop)
- Minor Variance No. 735 (4765 Durfee Avenue) – Setback encroachment
- Minor Variance No. 736 (6005 Rosemead Boulevard) – Parking variance
- Precise Plan of Design No. 504 (3660 San Gabriel River Parkway) – New industrial building
- Precise Plan of Design No. 509 (9214 Mines Avenue) – Wireless telecommunication facility
- Precise Plan of Design No. 510 (8623 Beverly Road) – Two new single-family dwellings
- Precise Plan of Design No. 512 (6529 Keltonview Drive) – Legalize increased fence height
- Precise Plan of Design No. 513 (6535 Keltonview Drive) – Legalize increased fence height
- Precise Plan of Design No. 515 (8505 Telegraph Road) – Wireless telecommunication facility modification
- Precise Plan of Design No. 516 (9023 Washington Boulevard) – Wireless telecommunication facility modification
- Precise Plan of Design No. 517 (10409 Dunlap Crossing Road) – Wireless telecommunication facility modification
- Ordinance No. 1057 (City Wide) – Regulations for check cashing establishments
- Ordinance No. 1061 (City Wide) – Water Efficient Landscape Ordinance
- Ordinance No. 1062 (City Wide) – Repeal Chapter 18.45, Water efficient landscape provisions
- Moratorium (Portions of Rosemead and Beverly Boulevard) – Fast Food Moratorium Extension

REDEVELOPMENT DIVISION

- Completed Agency's 5-year Implementation Plan
- Completed mid-term review of Agency's 10-year Housing Compliance Plan
- Completed the State Controller Office/Housing Community Development year-end report
- Maintained affordable housing database in compliance with AB 987
- Monitored records of affordable, deed-restricted units
- Conducted monthly review of building activity
- Completed design guidelines for Commercial Façade Loan Program target area
- RFP for redevelopment consultant services for adoption of new project area
- Explored possibilities of federal funding opportunities
- Conducted research for potential development of dog park

EMERGENCY PREPAREDNESS

- Participated in the Great California ShakeOut statewide earthquake exercise
- Provided EOC training for each Section
- Developed draft Standard Operating Procedures for each section of the EOC
- Staff completed National Incident Management System (NIMS) training
- Staff attended Operational Area Response and Recovery System (OARRS) training
- Developed draft OARRS guidelines
- Completed monthly Area E Activity Reports
- Completed annual NIMCAST report
- Updated the EOC organizational chart
- Installed a variety of emergency lighting
- Purchased emergency supplies
- Purchased 2-way radio equipment
- Staff prepared and submitted 2010 State Homeland Security Grant Program (SHSGP) application for EOC equipment.
- Completed a needs assessment & budget for supplies, equipment and reports for Emergency Preparedness services.

PUBLIC WORKS

Administration Division

- Administer \$80 million Capital Improvement Program (CIP).
- Performed 1200 miles of streets swept.
- Maintained 110 miles of sewer main.
- Maintained 2812 sewer manholes.

Engineering – Water Resources Division

- Initiated 211 Work Orders for investigation & report.
- Produced 5095 acre feet of potable water.

Maintenance Operations Division

- Initiated 3,677 Work Orders.
- Completed 3,318 Work Orders, 979 which were high priority.
- Maintained fleet of 85 light duty trucks & vehicles.
- Replaced 960 signs.
- Replaced 148 water services.
- Maintained 12,000 lineal feet of oleanders.
- Crack sealed approx 4 lineal miles of roadways.

Major Projects

- Passons Blvd. BNSF Railroad Underpass – Bid advertised.
- Beverly Blvd. Rehabilitation & Lighted Landscape Median (Stimulus Funds) – Utility relocations.
- Federal Energy Grant Projects – HVAC portion completed & LED lighting phase underway.
- Paramount Blvd. Roadway Rehabilitation & Traffic Signal upgrade – Construction completed
- City Hall Parking Lot Expansion – Construction completed
- Telegraph Rd. Roadway & Median Project (Joint project w/Downey) – Design underway.
- Rosemead Blvd. Rex Rd to Telegraph Rd. – Design underway.
- Bartolo Neighborhood Project – Feasibility Study & Opinion Survey underway.
- Safe Route to School Grant Project – Sidewalk improvements completed.

GRANTS

The City of Pico Rivera has been actively pursuing grants from all available sources. The City has received numerous grants from Federal, State and local levels to help fund important programs and projects. The total amount of grants awarded was \$36,041,428. Federal grants awarded totaled \$10,012,316, of which \$8,119,836 was expended during FY 2009-10. State grants awarded totaled \$23,949,381 of which \$4,599,969 was expended during FY 2009-10. The City was also awarded grants from local funding sources totaling \$2,079,730 of which \$1,833,369 was expended during FY 2009-10.

The grants awarded to the City were to provide funding for specific programs to provide needed services to our community without significantly adding to our General Fund expenditures. A few of those grant programs include Section 8 Housing, Community Development Block Grants, DUI Reinforcement, Sobriety Checkpoints, Passons Blvd. separations, Safe Routes to School, Cal Home Grant, Proposition 40 and 12 for California Park Funds, Propositions 1B and 42 for State Street Subventions, COPS grant and Federal Aid STPL, as well as other smaller grants.

CITY OF PICO RIVERA SCHEDULE OF GRANT REVENUE & EXPENDITURES As of June 30, 2010

	Federal Grants	State Grants	Local Grants	Total
GRANT ENTITLEMENT AMOUNT	10,012,316	23,949,381	2,079,730	36,041,427
Revenue Received/Recognized In 09/10				
Revenue Received/Recognized In 09/10	7,875,937	3,857,242	2,153,067	13,886,246
Plus Current Year Revenue Accrual		(199,800)		(199,800)
Adjusted 09/10 Grant Revenue	7,875,937	3,657,442	2,153,067	13,686,446
Detail Of Program and Other Related Revenues				
Interest Income	39,932	634,375	19,764	694,071
Miscellaneous Revenues	46,424	24,787	56,422	127,633
Fraud Recovery	2,842	-	-	2,842
Portables/Hap	2,531	-	-	2,531
Transfer In From Low & Mod Housing (510)	-	-	-	-
Sale Of Real Or Personal Property	54,464	-	-	54,464
Administrative Fee/Cost Reimbursement	-	-	407,974	407,974
Total Program and Other Related Revenues	146,193	659,162	484,160	1,289,515
Total Grant Revenue from All Sources	8,022,130	4,316,604	2,637,227	14,975,961
Expenditures				
Reimbursable Expenditures	8,119,836	4,567,461	1,833,369	14,520,666
Un-reimbursable Expenditures	-	-	-	-
Retention Payable	-	32,509	-	32,509
Prior Years Expenditures	-	-	-	-
Adjusted 09/10 Grant Expenditures	8,119,836	4,599,970	1,833,369	14,553,175
Revenues Over/(Under) Expenditures	(97,706)	(283,366)	803,858	422,786

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 Sixth 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. On June 30, 2007, the City complied with the retroactive reporting of infrastructure. This resulted in the 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 June 22, 2010. The City Treasurer has continued the practice of investing all idle funds with the State's Local Agency Investment Fund (LAIF). In the coming fiscal year, funds will be diverted to investment in U.S. Treasuries and Agencies for diversification.

Risk Management

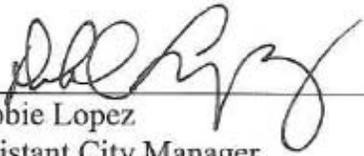
The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority provides a joint protection wherein cities pool their losses and claims jointly and purchase excess insurance and share administrative and related costs. The program includes both comprehensive liability and workers' compensation coverage for member cities.

Annual Audit

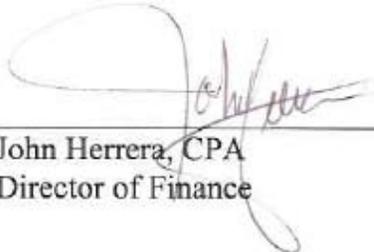
The accounting firm of Vasquez & Company, LLP, Certified Public Accountants & Business Consultants performed the annual independent audit. The annual audit is designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133. The auditor's report on the basic financial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

Acknowledgments

The Finance Department takes primary responsibility for the preparation of this report. The professionalism, commitment and effort of all the members of the Accounting Division have made this presentation possible. The assistance from other Departments in providing operational information for this report is also appreciated. Finally, we thank the City Council for their prudent financial management and leadership in guiding the City of Pico Rivera.



Debbie Lopez
Assistant City Manager



John Herrera, CPA
Director of Finance

CITY OF PICO RIVERA

CITY OFFICIALS

June 30, 2010

City Council

Gregory Salcido, Mayor

Bob Archuleta, Mayor Pro Tem

David Armenta, Councilmember

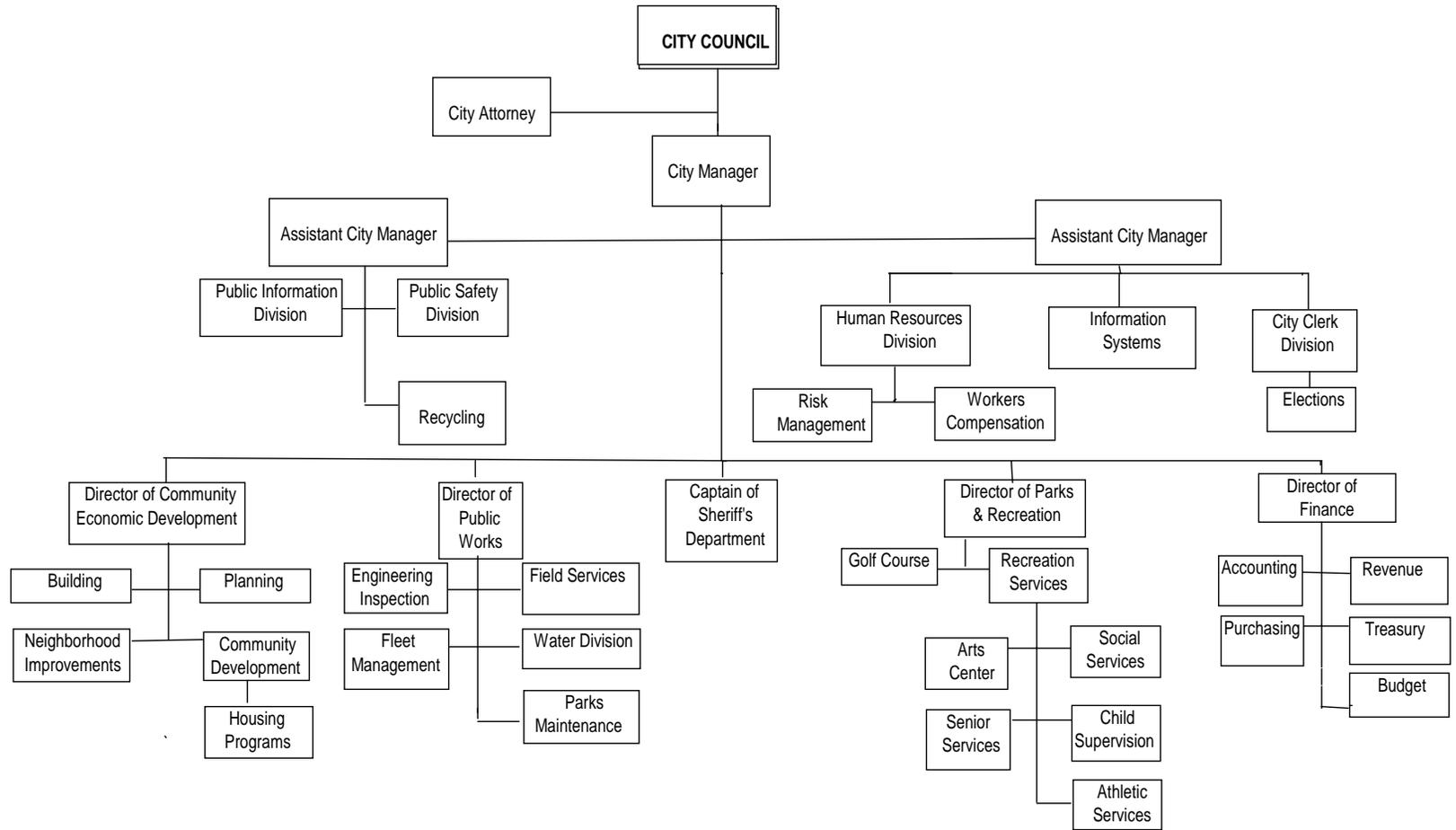
Gustavo Camacho, Councilmember

Barbara Contreras-Rapisarda, Councilmember

Administration and Department Heads

City Manager	Vacant
Assistant City Manager	Deborah R. Lopez
Assistant City Manager	Jeffrey Prang
Director of Public Works	Al Cablay
Interim Director of Finance	John Herrera, C.P.A.
Director of Parks and Recreation	Ralph Aranda
Director of Community & Economic Development	Jeff Brauckmann

CITY OF PICO RIVERA ORGANIZATIONAL CHART



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, 2009

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.



President

Executive Director

FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITORS

The Honorable Mayor and the Members of the City Council City of 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 (the City), as of and for the year ended June 30, 2010, 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'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 statements 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, 2010, and the respective changes in financial positions and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6, the City of Pico Rivera Redevelopment Agency has experienced recurring deficits of revenues over expenditures and has a net asset deficiency that raises substantial doubt about the Agency's ability to repay advances from the City of Pico Rivera and debt owed to the County of Los Angeles. Management's plans in regard to these matters are also described in note 6. The financial statements have been adjusted to recognize that the debt owed the City does not represent available expendable assets of the City.

As discussed in Note 6, during fiscal year 2010 the Water Authority has not maintained the debt service coverage ratio required by the bond indenture associated with its 2001 series revenue bonds. Management's actions to address this matter are also discussed in note 6.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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, the budgetary comparison information, and the public employees retirement system schedule of funding progress as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 them.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the supplemental combining financial statements, supplemental schedules and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplemental combining financial statements and supplemental schedules 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.

Vargay + Company LLP

Los Angeles, California
December 17, 2010

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, 2010. 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

The economic recession has continued to dilute General Fund revenues, calling for drastic fiscal policy initiatives by management and the City Council. During this fiscal year, management crafted highly ambitious fiscal policies (i.e., user fee increases, cost-reimbursements, etc.) that were adopted by the City Council. The City has realized a full year from the 1% additional sales tax from Measure P, with total Measure P sales tax revenues of \$6.3 million. These fiscal policies strengthened the General Fund balance sheet and the City's ability to preserve public safety and other essential services. Also, the City continues to benefit from operating and capital grants which the City actively competes for. Nevertheless, the City will have to draw upon reserves next year as the continued recession impacts tax, permit, and fee revenues in the General Fund. Thanks to a healthy 25% rainy day fund, the City is prepared to weather the recession for another two or three years without material impacts to service levels. The comparisons in the discussion and analysis below are between FY 2008-09 and FY 2009-10. All increases and decreases are expressed as relative to 2008-09 results. FY 2009-10 financial highlights include the followings:

Citywide

- The City's total net assets decreased to \$191.9 million, a \$2.4 million decrease compared to \$194.0 million in FY 2009. One of the primary reasons for this decrease was due to the \$1.7 million payment to the state for SERAF.
- The City's total net assets invested in capital assets, net of related debt, was \$216.6 million, a \$1.4 million decrease from FY 2009's \$218.0 million. This decrease primarily resulted from depreciation expense recorded during the year.
- The City's total restricted net assets increased to \$38.4 million.
- The City's total unrestricted deficit increased to \$63.1 million, an increase of \$3.6 million in the deficit from FY 2008-09 of \$59.5 million.
- Citywide revenues totaled \$66.6 million, a decrease of \$12.8 million from the prior year. This consisted of \$28.0 million in program revenues and \$38.5 million in general revenues. General revenues increased by \$2.85 million and program revenues decreased by \$15.7 million. This was mainly due to the receipt of state funding to start the Passons Grade Separation project in the fiscal year 2008-09 for which no funding was received in the fiscal year 2009-10. One of the major reductions in revenue reflected in the sector of public works.

- Total citywide expenses were \$69.2 million, a \$4.6 million increase. Some of the elements contributing to this increase are the increase in capital improvements, community development projects and interest payments for the bond issue.
- Citywide capital assets increased to \$261.5 million, a \$5.4 million increase.
- Citywide long term debt increased to \$130.7 million, a \$34.16 million increase.

Fund Level – Governmental Funds

- Governmental Fund revenues (excluding Other Financing Sources) decreased to \$56.1 million, which resulted in a decrease of \$14.6 million from the prior year.
- Governmental Fund expenditures (excluding Other Financing Sources) were \$63.7 million, a \$7.5 million decrease.
- General Fund revenues came in at \$28.9 million, an increase of \$2.98 million over prior-year levels.
- General Fund transfers in totaled \$2.8 million, an decrease of \$9.4 million over prior-year levels
- General Fund expenditures were \$31.0 million, an increase of \$1.3 million
- The General Fund balance of \$42.9 million at June 30, 2010 was a decrease of \$1.48 million from the prior year.

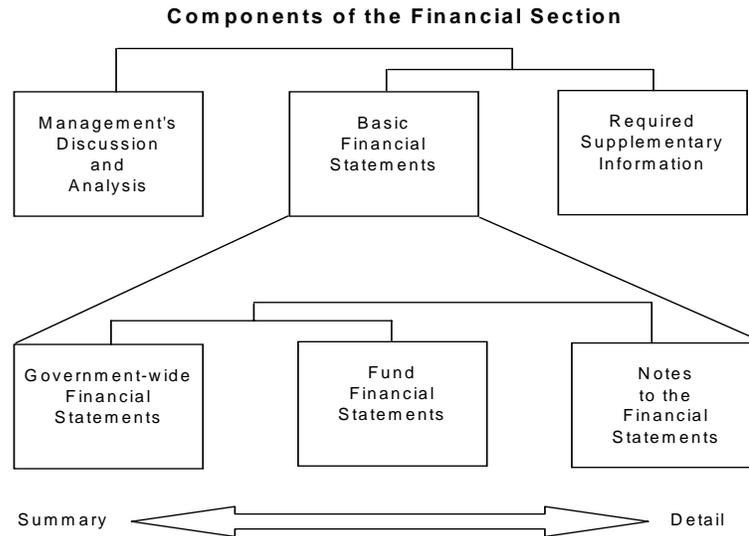
Fund Level – Enterprise Funds

- Enterprise Fund net assets decreased to \$5.59 million, a \$758 thousand reduction.
- Enterprise Fund operating revenues increased to \$6.7 million, an increase of \$269,790.
- Enterprise Fund operating expenses increased to \$6.3 million, an increase of \$45,813.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - management's discussion and analysis (this portion), the basic financial statements, notes to the basic financial statements and required supplementary information. In addition to the required parts, we have included the optional combining statements for other governmental funds, other enterprise funds, and agency funds and a statistical section. 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.



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 business in private-sector.

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.

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 31 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, State Grants Fund, 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 25 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, 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.

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 basic 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 33 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 34 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 67 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 77 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 eighth year under this model, prior year information is shown along with the current year for comparative analysis of government-wide data.

City of Pico Rivera
Management's Discussion and Analysis
June 30, 2010

City of Pico Rivera
State of Net Assets
Fiscal Year ended June 30, 2010
Table 1

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and other assets	\$ 87,562,503	\$ 58,539,849	\$ 7,152,923	\$ 7,639,953	\$ 94,715,426	\$ 66,179,802
Internal Balances	(25,911,907)	(27,092,000)	25,911,907	27,092,000	-	-
Capital assets	215,326,715	210,019,109	46,226,519	46,182,342	261,553,234	256,201,451
Total assets	<u>276,977,311</u>	<u>241,466,958</u>	<u>79,291,349</u>	<u>80,914,295</u>	<u>356,268,660</u>	<u>322,381,253</u>
Liabilities:						
Current and other	13,611,591	11,833,738	2,973,714	2,892,521	16,585,305	14,726,259
Long-term liabilities	77,035,998	41,389,120	70,728,882	72,315,176	147,764,880	113,704,296
Total liabilities	<u>90,647,589</u>	<u>53,222,858</u>	<u>73,702,596</u>	<u>75,207,697</u>	<u>164,350,185</u>	<u>128,430,555</u>
Net assets:						
Invested in capital	208,640,112	210,019,109	7,966,474	8,048,659	216,606,586	218,067,768
Restricted	38,379,173	35,343,741	-	-	38,379,173	35,343,741
Unrestricted	(60,689,563)	(57,118,750)	(2,377,721)	(2,342,061)	(63,067,284)	(59,460,811)
Total net assets	<u>\$ 186,329,722</u>	<u>\$ 188,244,100</u>	<u>\$ 5,588,753</u>	<u>\$ 5,706,598</u>	<u>\$ 191,918,475</u>	<u>\$ 193,950,698</u>

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 \$191,918,475 at June 30, 2010.

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 \$216,606,586. 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 \$38,379,173 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 deficit or negative balance in unrestricted net assets of \$63,067,284.

Governmental Activities. Governmental activities decreased the City's net assets by \$1.9 million in FY 2010 and the key elements of this increase are as follows:

- The City's total revenues decreased by \$14.6 million. The program revenues were \$15.9 million lower than last year, and the general revenues increased \$2.48 million. Among the general revenues, property taxes decreased by \$428,108, sales and use taxes increased \$4.10 million, and utility user taxes decreased by \$279,850. Franchise taxes decreased by \$125,736, and all others including the investment earnings decreased \$383,075.
- The cost of providing the City's public service increased among all functions except public works, which decreased \$1,520,743.

Business-Type Activities. Business-type activities decreased City's net assets by \$757,973. Total revenues were \$234,680, higher than the prior year. The expenses plus transfers increased by \$406,045 compared to last year.

- Charges for services increased \$269,990 compared to prior year. Investment income decreased by \$49,002. The decreased investment income was directly due to the decline of the economy which produces lower interest rates.
- Salaries and benefits decreased \$47,525, administrative services went down by \$139,709, contractual services decreased by \$60,190, maintenance and supplies increased by \$289,362, and depreciation expenses decreased \$21,771.

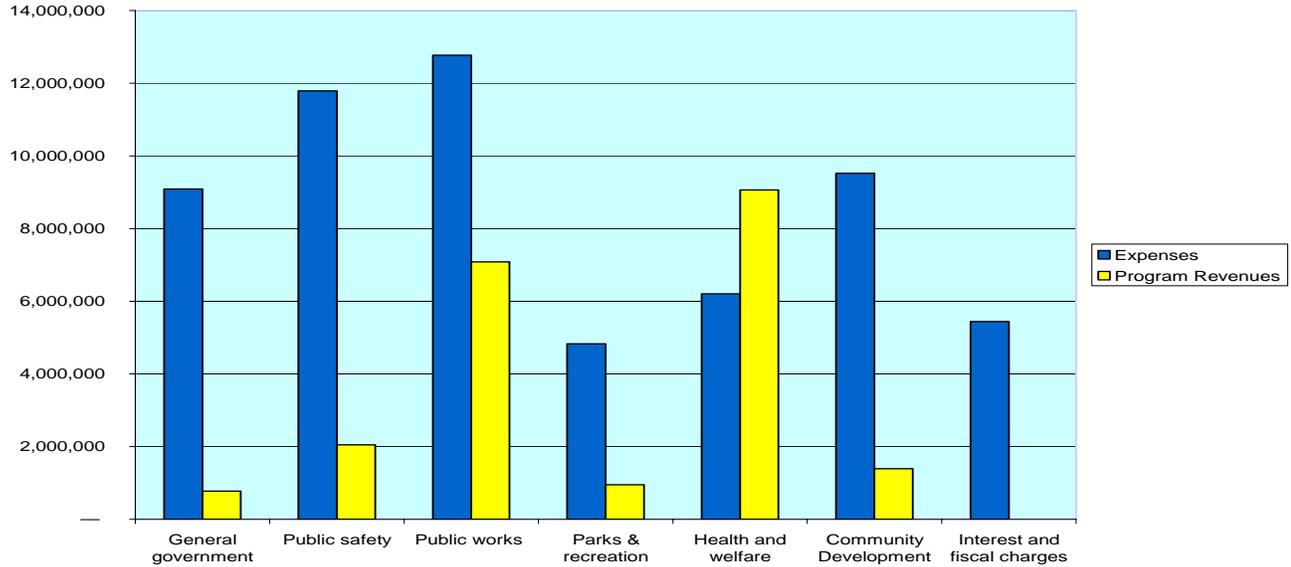
City of Pico Rivera
Management's Discussion and Analysis
June 30, 2010

City of Pico Rivera
Statement of Activities
Fiscal Year ended June 30, 2010
Table 2

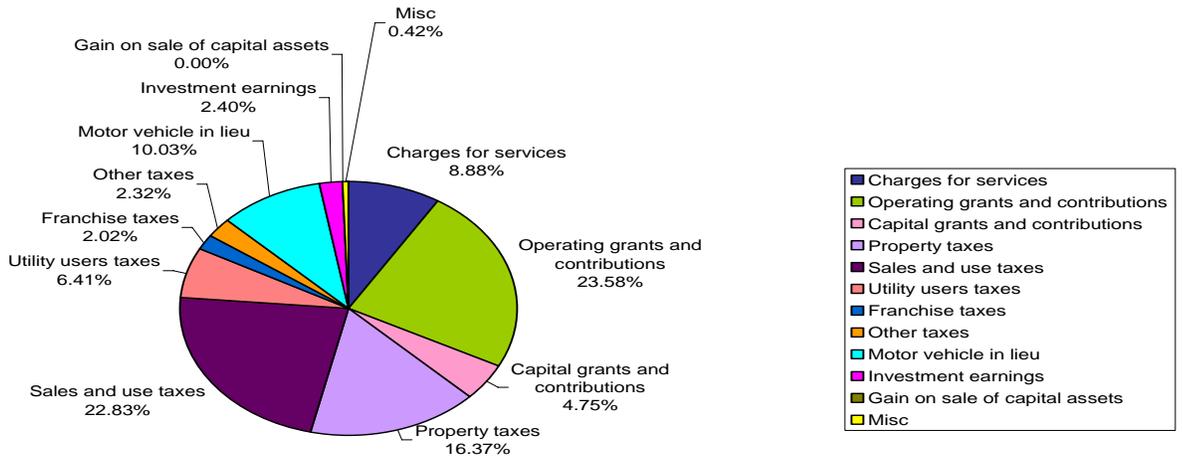
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 5,084,241	\$ 4,623,180	\$ 6,711,248	\$ 6,441,458	\$ 11,795,489	\$ 11,064,638
Operating grants and contributions	13,503,809	15,843,154	-	-	13,503,809	15,843,154
Capital grants and contributions	2,721,543	16,790,897	-	-	2,721,543	16,790,897
General revenues						
Property taxes	9,372,884	15,544,899	-	-	9,372,884	15,544,899
Sales and use taxes	13,074,986	8,974,814	-	-	13,074,986	8,974,814
Utility users taxes	3,669,717	3,949,567	-	-	3,669,717	3,949,567
Franchise taxes	1,155,951	1,281,687	-	-	1,155,951	1,281,687
Other taxes	1,331,305	1,422,862	-	-	1,331,305	1,422,862
Unrestricted Motor Vehicle In-lieu	5,743,907	-	-	-	5,743,907	-
Unrestricted investment earnings	1,372,901	1,744,699	2,591,363	2,640,365	3,964,264	4,385,064
Gain on sale of capital assets	-	-	-	-	-	-
Miscellaneous	241,124	160,844	4,696	(9,196)	245,820	151,648
Total revenues	57,272,368	70,336,603	9,307,307	9,072,627	66,579,675	79,409,230
Expenses						
General government	9,087,368	8,300,976	-	-	9,087,368	8,300,976
Public safety	11,789,557	11,500,096	-	-	11,789,557	11,500,096
Public works	12,773,969	11,253,226	-	-	12,773,969	11,253,226
Community development	9,520,485	7,628,250	-	-	9,520,485	7,628,250
Parks and recreation	4,827,825	6,392,928	-	-	4,827,825	6,392,928
Health and welfare	6,204,855	5,782,085	-	-	6,204,855	5,782,085
Interest and fiscal charges	5,442,996	4,150,720	-	-	5,442,996	4,150,720
Enterprise operations	-	-	9,604,971	9,594,904	9,604,971	9,594,904
Total expenses	59,647,055	55,008,281	9,604,971	9,594,904	69,252,026	64,603,185
Increase (decrease) in net assets before transfers	(2,374,687)	15,328,322	(297,664)	(522,277)	(2,672,351)	14,806,045
Transfers	460,309	856,287	(460,309)	(856,287)	-	-
Increase (decrease) in net assets	(1,914,378)	16,184,609	(757,973)	(1,378,564)	(2,672,351)	14,806,045
Net assets - Beginning of fiscal year	188,244,100	172,059,491	6,346,726	7,085,162	194,590,826	179,144,653
Net assets - End of fiscal year	\$ 186,329,722	\$ 188,244,100	\$ 5,588,753	\$ 5,706,598	\$ 191,918,475	\$ 193,950,698

Financial Analysis of the City's Funds

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



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

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 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, 2010, the City's governmental funds reported combined ending fund balance of \$26,462,776. The City's governmental funds reported a negative \$44,257,089 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, 2) reflect amounts due from other funds that are long term in nature and thus do not represent available spendable resources, 3) for prepaids and deposits, 4) funds designated for Low and Moderate income housing activities, 5) for property held for resale, and 6) for long term receivables.

Introduction. The Fund Financial Statements are presented by individual major funds, while other governmental 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 2009-10. Other governmental individual 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.

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.

2009 Lease Revenue Bond Capital Projects Fund. The 2009 Lease Revenue Bond Capital Projects Fund accounts for the proceeds of the 2009 Lease Revenue Bonds and all capital expenditures paid from the proceeds of the bond.

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.

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 \$8,016,575 while the total fund balance reached \$42,938,596.

The fund balance of the City's General Fund decreased by \$1.5 million during the current fiscal year. The key factor of this decrease is as follows:

- Expenditures exceeded revenues by \$2,058,341.

General Fund Budgetary Highlights

- 1 Actual revenues came in below budgeted revenues by a net of \$1.51 million. The largest unfavorable variance was taxes and assessments of \$1,292,148, a casualty result of housing market meltdown.
- 2 Actual expenditures were \$2.7 million under the budget. The variances were 1) general government was under budget by \$509,954, 2) public safety was under budget by \$752,059, 3) public works was under budget by \$601,422, 4) parks & recreation was under budget by \$742,169 and 4) health and welfare was under budget by \$86,658.
- 3 Total other financing sources (uses) had cumulative favorable variances of \$155,939.
- 4 The final revenue budget decreased by \$1,086,177, while expenditure budgets decreased by \$1,467,270.

Housing Agency. The Housing Agency special revenue fund has an ending fund balance of \$1,042,657, a \$6,878 increase from the prior year.

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 deficit fund balance of (\$36,446,232) represents a net increase of \$1,319,860.

Capital Improvement Fund. The Capital Improvement Fund has an ending balance of \$0. In 2009-10 approximately \$8.9 million of capital improvements were made.

Redevelopment Agency Capital Projects Fund. The ending fund balance of (\$23,251,247) represents a increase in the deficit fund balance of \$285,291 from the prior year.

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 \$5,588,753, a decrease in net assets of \$757,973 for the year ended June 30, 2010.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental activities amounts to \$215,326,715 (net of accumulated depreciation of \$92,235,585) as of June 30, 2010. This investment in capital assets includes land, buildings, structures and improvements, infrastructure (roads, sidewalks, streetlights, etc.), furniture and equipment and construction in progress.

City of Pico Rivera
Capital Assets (Net of Accumulated Depreciation)
Fiscal Year ended June 30, 2010
Table 3

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 119,107,036	\$ 119,107,036	\$ 18,914,479	\$ 18,174,062	\$ 138,021,515	\$ 137,281,098
Structures & improvements	21,607,387	21,607,387	4,868,475	4,868,475	26,475,862	26,475,862
Furniture & equipment	7,582,696	7,392,432	1,142,459	1,107,742	8,725,155	8,500,174
Utility plant	-	-	27,365,589	27,365,589	27,365,589	27,365,589
Infrastructure	132,716,132	125,841,891	12,250,223	12,250,253	144,966,355	138,092,144
Construction in progress	26,549,049	24,676,295	-	-	26,549,049	24,676,295
Total Capital Assets	307,562,300	298,625,042	64,541,225	63,766,121	372,103,525	362,391,163
Less accumulated depreciation	(92,235,585)	(88,605,933)	(18,314,705)	(17,583,752)	(110,550,290)	(106,189,685)
Net Capital Assets	\$ 215,326,715	\$ 210,019,109	\$ 46,226,520	\$ 46,182,369	\$ 261,553,235	\$ 256,201,478

Additional information on the City's capital assets can be found in note 5 to the basic financial statements on pages 50 through 51 of this report.

Major capital asset events during the current fiscal year included the following:

Governmental activities:

- Recording of infrastructure increase of \$6,874,241.
- Recording of furniture & equipment increase of \$190,264.
- Recording of construction in progress increase of \$1,872,754.
- Recording of depreciation expenditure increase of \$3,629,653.

Business-type activities:

- Recording of furniture & equipment increase of \$34,715.
- Recording of depreciation expenditure increase of \$730,954.

**City of Pico Rivera
Management's Discussion and Analysis
June 30, 2010**

Debt Administration. At June 30, 2010, the City had total bonded debt outstanding of \$86,045,000. This 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 and a lease revenue bond for infrastructure improvements.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Bonded indebtedness:						
Revenue bonds	\$ 32,860,000	\$ -	\$ 53,185,000	\$ 54,675,000	\$ 86,045,000	\$ 54,675,000
Bond premium	1,310,317	-	750,661	790,520	2,060,978	790,520
Bond discount	-	-	(545,294)	(572,004)	(545,294)	(572,004)
Other long-term debt:						
Los Angeles County deferrals	38,450,131	38,904,643	-	-	38,450,131	38,904,643
Other post-employment benefits	3,855,045	1,878,834	-	-	3,855,045	1,878,834
Compensated absences	696,505	741,643	167,753	160,897	864,258	902,540
Total indebtedness	<u>\$ 77,171,998</u>	<u>\$ 41,525,120</u>	<u>\$ 53,558,120</u>	<u>\$ 55,054,413</u>	<u>\$ 130,730,118</u>	<u>\$ 96,579,533</u>

State statutes limit the amount of general obligation debt that a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City is \$581,318,695, which is significantly in excess of the City's outstanding general obligation debt. Additional information can be found in note 6 to the basic financial statements on pages 51 through 55 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In Fiscal Year 09-10 total sales tax revenues of the City (including RDA) increased by \$4,100,172 to \$13.0 million, a 46% increase.

The Fiscal Year 09-10 Budget was adopted as a balanced budget with a \$1 million surplus generated through transfers in revenue in the General Fund. On a "structural" basis, the City has now eliminated a \$4.8 million budget deficit between ongoing revenues and expenditures. This "structural imbalance" was eliminated through the 1% sales tax Measure P approved by voters in November 2008, as projected last fiscal year. The Measure P sales tax revenue now adds over \$6.3 million to the General Fund. Also, due to continued cost-cutting and cost-containment, management has been able to recommend a spending plan to the City Council which will help balance the balance. However, due to the prolonged economic recession, the City will have to utilize part of its \$9 million available fund balance in the General Fund in the next two five years. The General Fund budget continues to provide public safety and other vital City services at high levels while preserving "rainy day" reserve funds at 25% of expenditures. The Fiscal Year 09-10 Budget was adopted with a \$4.5 million Emergency Fund Reserve and another \$2.5 million Economic Stabilization/Stimulus Fund, creating an available rainy day fund in excess of 25% of for the General Fund Operating Budget. Actual "total" numbers show that City ended Fiscal Year 08-09 with a general fund balance of \$24.5 million, a \$6.9 million increase over projection. Management believes the City will continue to improve its overall quality of public services while achieving fiscal sustainability through the next two-year budget cycle

The single largest fiscal threat to the City's budget is the Redevelopment Agency. Although the RDA is a separate and distinct legal entity, the City's General Fund continues to support RDA operations to ensure the RDA meets all of its obligations as they become due. The RDA was hit with a perfect storm of economic impacts in Fiscal Year 09-10 including (a) loss of \$1.2 million of annual revenue generated by the County's "deferral" of its share of tax increment property taxes, (b) \$1.7 million of SERAF take away from the State of California, and (c) continued decline in property taxes, projected to decrease tax increment property tax revenues by about 13%. The City and RDA are working together with the County of Los Angeles to obtain additional relief to allow the RDA to work through this tough economic climate that is expected to linger around the balance sheets of local governments for another 12-24 months.

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.

City of Pico Rivera
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 23,586,339	\$ 387,541	\$ 23,973,880
Cash and investments with fiscal agent	31,531,791	4,259,668	35,791,459
Receivables, net			
Accounts	2,241,734	724,965	2,966,699
Taxes	3,654,143	-	3,654,143
Interest	728,058	435	728,493
Prepays and deposits	60,000	-	60,000
Internal balances	(25,911,907)	25,911,907	-
Inventories	-	142,132	142,132
Deferred charges	716,276	1,638,182	2,354,458
Long-term receivables	5,694,881	-	5,694,881
Capital lease receivable (payable)	18,761,671	(18,761,671)	-
Land held for resale	587,610	-	587,610
Capital assets, not depreciated	145,656,085	18,914,478	164,570,563
Capital assets, depreciated, net	69,670,630	27,312,041	96,982,671
Total assets	276,977,311	60,529,678	337,506,989
LIABILITIES			
Accounts payable	4,104,190	390,338	4,494,528
Interest payable	-	354,878	354,878
Accrued liabilities	1,825,622	90,462	1,916,084
Deposits	946,888	547,129	1,494,017
Unearned revenue	904,010	-	904,010
Payable to grantors	5,694,881	-	5,694,881
Long-term liabilities:			
Due within one year	136,000	1,590,907	1,726,907
Due in more than one year	77,035,998	51,967,211	129,003,209
Total liabilities	90,647,589	54,940,925	145,588,514
NET ASSETS			
Invested in capital assets, net of related debt	208,640,112	8,637,100	217,277,212
Restricted for:			
Capital improvements	497,231	-	497,231
Community development	7,457,728	-	7,457,728
Debt service	2,592,273	-	2,592,273
Transportation	3,581,101	-	3,581,101
Low and moderate income housing	3,879,557	-	3,879,557
Special purposes	1,609,612	-	1,609,612
Capital lease receivable	18,761,671	-	18,761,671
Unrestricted	(60,689,563)	(3,048,347)	(63,737,910)
Total net assets	\$ 186,329,722	\$ 5,588,753	\$ 191,918,475

See notes to financial statements.

City of Pico Rivera
Statement of Activities
Year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 9,087,368	\$ 651,638	\$ 123,924	\$ -	\$ (8,311,806)	\$ -	\$ (8,311,806)
Public safety	11,789,557	1,903,379	146,274	-	(9,739,904)	-	(9,739,904)
Public works	12,773,969	1,395,780	2,968,386	2,721,543	(5,688,260)	-	(5,688,260)
Parks and recreation	4,827,825	174,904	774,928	-	(3,877,993)	-	(3,877,993)
Health and welfare	6,204,855	453,691	8,605,432	-	2,854,268	-	2,854,268
Community development	9,520,485	504,849	884,865	-	(8,130,771)	-	(8,130,771)
Interest and fiscal charges	5,442,996	-	-	-	(5,442,996)	-	(5,442,996)
Total governmental activities	<u>59,647,055</u>	<u>5,084,241</u>	<u>13,503,809</u>	<u>2,721,543</u>	<u>(38,337,462)</u>	<u>-</u>	<u>(38,337,462)</u>
Business-type activities:							
Water	8,384,403	5,647,751	-	-	-	(2,736,652)	(2,736,652)
Sports Arena	233,280	225,000	-	-	-	(8,280)	(8,280)
Campground	-	-	-	-	-	-	-
Golf	987,288	838,497	-	-	-	(148,791)	(148,791)
Total business-type activities	<u>9,604,971</u>	<u>6,711,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,893,723)</u>	<u>(2,893,723)</u>
Total	<u>\$ 69,252,026</u>	<u>\$ 11,795,489</u>	<u>\$ 13,503,809</u>	<u>\$ 2,721,543</u>	<u>(38,337,462)</u>	<u>(2,893,723)</u>	<u>(41,231,185)</u>
General revenues:							
Taxes:							
Property					9,372,884	-	9,372,884
Sales and use					13,074,986	-	13,074,986
Motor vehicle in-lieu					5,743,907	-	5,743,907
Franchise					1,155,951	-	1,155,951
Utility users					3,669,717	-	3,669,717
Other					1,331,305	-	1,331,305
Unrestricted investment earnings					1,372,901	2,591,363	3,964,264
Miscellaneous					241,124	4,696	245,820
Transfers					460,309	(460,309)	-
Total general revenues and transfers					<u>36,423,084</u>	<u>2,135,750</u>	<u>38,558,834</u>
Change in net assets					(1,914,378)	(757,973)	(2,672,351)
Net assets - beginning of year, as restated					<u>188,244,100</u>	<u>6,346,726</u>	<u>194,590,826</u>
Net assets - end of year					<u>\$ 186,329,722</u>	<u>\$ 5,588,753</u>	<u>\$ 191,918,475</u>

See notes to financial statements.

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 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 2009 Lease Revenue Bond Capital Projects Fund accounts for the proceeds of the 2009 Lease Revenue Bonds and all capital expenditures paid from the proceeds of the bond.

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.

ASSETS	<u>General</u>	<u>Housing Agency Special Revenue</u>	<u>Debt Service</u>
Cash and investments	\$ 9,517,966	\$ 1,076,140	\$ -
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	1,127,550	(2,531)	-
Taxes	2,957,788	-	64,991
Interest	8,646	824	-
Prepays and deposits	60,000	-	-
Due from other funds	6,298,221	1,618	-
Restricted cash and investments	-	29,437	-
Long-term receivables	-	-	-
Advances to other funds	29,568,738	-	-
Capital lease receivable	18,761,671	-	-
Land held for resale	-	-	-
Total assets	\$ 68,300,580	\$ 1,105,488	\$ 64,991

LIABILITIES AND FUND BALANCES

Liabilities			
Accounts payable	\$ 2,424,742	-	\$ 347,684
Accrued liabilities	547,183	33,394	-
Due to other funds	-	-	3,030,830
Deposits	832,399	29,437	-
Retention payable	-	-	-
Deferred revenue	21,557,660	-	-
Advances from other funds	-	-	33,132,709
Liabilities	25,361,984	62,831	36,511,223
Fund balances (deficits)			
Reserved	34,922,021	-	-
Unreserved reported in:			
General fund	8,016,575	-	-
Special revenue funds	-	1,042,657	-
Debt service funds	-	-	(36,446,232)
Capital projects funds	-	-	-
Total fund balances (deficits)	42,938,596	1,042,657	(36,446,232)
Total liabilities and fund balances	\$ 68,300,580	\$ 1,105,488	\$ 64,991

**City of Pico Rivera
Governmental Funds
Balance Sheet
June 30, 2010**

Capital Projects Funds			Other Governmental Funds	Total Governmental Funds
Capital Improvement	2009 Lease Revenue Bond Capital Projects	Redevelopment Agency		
\$ 82,491	\$ -	\$ 932,981	\$ 11,976,761	\$ 23,586,339
-	28,246,842	-	3,255,512	31,502,354
-	-	105	1,116,610	2,241,734
-	-	472,632	158,732	3,654,143
-	-	6,475	712,114	728,059
-	-	-	-	60,000
795,636	-	3,030,830	-	10,126,305
-	-	-	-	29,437
-	-	540,651	5,154,230	5,694,881
-	-	-	-	29,568,738
-	-	-	-	18,761,671
-	-	587,610	-	587,610
<u>\$ 878,127</u>	<u>\$ 28,246,842</u>	<u>\$ 5,571,284</u>	<u>\$ 22,373,959</u>	<u>\$ 126,541,271</u>
\$ 798,075	\$ -	\$ (24,885)	\$ 558,574	\$ 4,104,190
-	-	11,423	691,567	1,283,567
-	763,128	-	381,346	4,175,304
-	-	5,000	-	866,836
80,052	-	-	-	80,052
-	-	532,055	6,047,184	28,136,899
-	-	28,298,938	-	61,431,647
<u>878,127</u>	<u>763,128</u>	<u>28,822,531</u>	<u>7,678,671</u>	<u>100,078,495</u>
-	27,483,714	5,708,666	2,605,464	70,719,865
-	-	-	-	8,016,575
-	-	-	12,089,824	13,132,481
-	-	-	-	(36,446,232)
-	-	(28,959,913)	-	(28,959,913)
<u>-</u>	<u>27,483,714</u>	<u>(23,251,247)</u>	<u>14,695,288</u>	<u>26,462,776</u>
<u>\$ 878,127</u>	<u>\$ 28,246,842</u>	<u>\$ 5,571,284</u>	<u>\$ 22,373,959</u>	<u>\$ 126,541,271</u>

See notes to financial statements.

City of Pico Rivera
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010

Fund balances (deficit) - total for governmental funds		\$ 26,462,776
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:</p>		
Governmental capital assets	\$ 307,562,300	
Less accumulated depreciation	<u>(92,235,585)</u>	215,326,715
<p>Long-term loans receivable and accrued unpaid interest on long-term loans receivable and advances to other funds are not available to pay for current-period expenditures and accordingly are deferred in the governmental funds. In the Statement of Net Assets, these receivables are recognized as earned revenues.</p>		
		21,538,008
<p>Bond issuance cost are recorded as expenditures in the governmental funds financial statements. In the Statement of Net Assets, this is capitalized and amortized.</p>		
		716,276
<p>Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:</p>		
Compensated absences	\$ (696,505)	
Accrued interest on bonds	(542,055)	
Post-employment benefits	(3,855,045)	
Bonds payable	(34,170,317)	
County deferral	<u>(38,450,131)</u>	<u>(77,714,053)</u>
Net assets of governmental activities		\$ <u>186,329,722</u>

See notes to financial statements.

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	General	Housing Agency Special Revenue	Debt Service
Revenues:			
Taxes and assessments	\$ 17,342,852	\$ -	\$ 6,400,131
Licenses and permits	2,385,338	-	-
Intergovernmental	6,083,244	5,547,028	-
Charges for services	892,030	-	-
Fines, forfeitures and penalties	1,672,249	-	-
Investment and rental	60,130	3,880	-
Miscellaneous	552,547	5,692	-
Total revenues	28,988,390	5,556,600	6,400,131
Expenditures			
Current:			
General government	7,814,555	-	118,408
Public safety	11,590,148	-	-
Public works	7,785,122	-	-
Parks and recreation	3,409,416	-	-
Health and welfare	447,490	5,549,722	-
Community development	-	-	-
Pass through to other agencies	-	-	5,325,197
Capital outlay	-	-	-
Debt service:			
Bond issuance cost	-	-	-
Interest and fiscal charges	-	-	2,954,076
Total expenditures	31,046,731	5,549,722	8,397,681
Excess (deficiency) of revenues over expenditures	(2,058,341)	6,878	(1,997,550)
Other financing sources (uses)			
Transfers in	2,804,143	-	677,690
Transfers out	(2,226,248)	-	-
Bond issuance	-	-	-
Bond premium	-	-	-
Net other financing sources (uses)	577,895	-	677,690
Net change in fund balances	(1,480,446)	6,878	(1,319,860)
Fund balances - beginning of year	44,419,042	1,035,779	(35,126,372)
Fund balances - end of year	\$ 42,938,596	\$ 1,042,657	\$ (36,446,232)

**City of Pico Rivera
Governmental Funds**

Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended June 30, 2010

	Capital Projects Funds			Other	Total
Capital Improvement	2009 Lease Revenue Bond Capital Projects	Redevelopment Agency		Governmental Funds	Governmental Funds
\$ -	\$ -	\$ 3,389,224	\$	1,240,365	\$ 28,372,572
-	-	-		-	2,385,338
-	-	-		9,616,937	21,247,209
-	-	-		54,253	946,283
-	-	-		-	1,672,249
-	-	28,451		180,311	272,772
-	-	116,223		499,870	1,174,332
-	-	3,533,898		11,591,736	56,070,755
-	-	-		-	7,932,963
-	-	-		-	11,590,148
-	-	-		1,705,273	9,490,395
-	-	-		951,136	4,360,552
-	-	-		10,022	6,007,234
-	-	2,295,733		1,690,090	3,985,823
-	-	-		-	5,325,197
8,862,466	-	-		25,814	8,888,280
-	-	-		736,741	736,741
-	-	1,013,266		1,405,084	5,372,426
8,862,466	-	3,308,999		6,524,160	63,689,759
(8,862,466)	-	224,899		5,067,576	(7,619,004)
8,862,466	29,478,834	167,500		-	41,990,633
-	(1,995,120)	(677,690)		(36,529,782)	(41,428,840)
-	-	-		32,860,000	32,860,000
-	-	-		1,347,755	1,347,755
8,862,466	27,483,714	(510,190)		(2,322,027)	34,769,548
-	27,483,714	(285,291)		2,745,549	27,150,544
-	-	(22,965,956)		11,949,739	(687,768)
\$ -	\$ 27,483,714	\$ (23,251,247)	\$	\$ 14,695,288	\$ 26,462,776

See notes to financial statements.

**City of Pico Rivera
Governmental Funds**

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year ended June 30, 2010**

Net change in fund balances - total governmental funds		\$ 27,150,544
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of 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	\$ 8,937,259	
Depreciation expense	<u>(3,629,653)</u>	5,307,606
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 (paying) debt increases (decreases) long-term liabilities in the statement of net assets and does not affect the Statement of Activities.		
		454,512
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 and advances to other funds		1,100,129
Proceeds of long-term debt are treated as revenues in the governmental funds. In the Statement of Net Assets, these increase long-term liabilities		
		(34,170,317)
Bond issuance cost are recorded as expenditures in the governmental funds financial statements. In the Statement of Net Assets, this is capitalized and amortized.		
		716,276
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:		
Accrued interest on bonds	\$ (542,055)	
Post-employment benefits	(1,976,211)	
Net change in compensated absences	<u>45,138</u>	<u>(2,473,128)</u>
Change in net assets of governmental activities		\$ <u>(1,914,378)</u>

See notes to financial statements.

City of Pico Rivera
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-type Activities - Enterprise Funds		
	Water Operations	Other Funds	Total
ASSETS			
Current assets			
Cash and investments	\$ -	\$ 387,541	\$ 387,541
Restricted cash and investments	4,259,668	-	4,259,668
Receivables, net:			
Accounts	724,965	-	724,965
Interest	-	435	435
Inventories, at cost	121,966	20,166	142,132
Total current assets	5,106,599	408,142	5,514,741
Noncurrent assets			
Advances to other funds	33,582,509	-	33,582,509
Deferred charges	1,638,182	-	1,638,182
Capital assets, not depreciated	18,872,165	42,313	18,914,478
Capital assets, depreciated, net	26,028,384	1,283,657	27,312,041
Total noncurrent assets	80,121,240	1,325,970	81,447,210
Total assets	85,227,839	1,734,112	86,961,951
LIABILITIES			
Current liabilities			
Accounts payable	360,300	30,038	390,338
Accrued interest payable	354,878	-	354,878
Accrued liabilities	63,670	26,792	90,462
Due to other funds	3,646,921	2,304,081	5,951,002
Deposits	547,129	-	547,129
Bonds payable - current portion	1,580,000	-	1,580,000
Compensated absences - current portion	10,907	-	10,907
Total current liabilities	6,563,805	2,360,911	8,924,716
Noncurrent liabilities			
Advances from other funds	-	1,719,600	1,719,600
Capital lease payable	18,761,671	-	18,761,671
Bonds payable	51,810,366	-	51,810,366
Compensated absences	102,580	54,265	156,845
Total noncurrent liabilities	70,674,617	1,773,865	72,448,482
Total liabilities	77,238,422	4,134,776	81,373,198
NET ASSETS			
Invested in capital assets, net of related debt	7,311,130	1,325,970	8,637,100
Unrestricted	678,287	(3,726,634)	(3,048,347)
Total net assets (deficit)	\$ 7,989,417	\$ (2,400,664)	\$ 5,588,753

See notes to financial statements.

City of Pico Rivera
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
Year ended June 30, 2010

	Business-type Activities - Enterprise Funds		
	Water Operations	Other Funds	Total
Operating revenues			
Charges for services	\$ 5,644,466	\$ 1,063,497	\$ 6,707,963
Other revenues	3,285	-	3,285
Total operating revenues	<u>5,647,751</u>	<u>1,063,497</u>	<u>6,711,248</u>
Operating expenses			
Salaries and benefits	1,908,359	594,070	2,502,429
Contractual services	141,840	53,851	195,691
Administrative	341,940	138,521	480,461
Utilities	230,517	142,758	373,275
Maintenance and supplies	1,834,544	141,530	1,976,074
Amortization	83,370	-	83,370
Depreciation	614,055	116,898	730,953
Total operating expenses	<u>5,154,625</u>	<u>1,187,628</u>	<u>6,342,253</u>
Operating income (loss)	<u>493,126</u>	<u>(124,131)</u>	<u>368,995</u>
Nonoperating revenues (expenses)			
Investment income	2,587,359	4,004	2,591,363
Gain on sale of assets	-	4,696	4,696
Interest expense	<u>(3,229,778)</u>	<u>(32,940)</u>	<u>(3,262,718)</u>
Net nonoperating revenues (expenses)	<u>(642,419)</u>	<u>(24,240)</u>	<u>(666,659)</u>
Income (loss) before transfers	<u>(149,293)</u>	<u>(148,371)</u>	<u>(297,664)</u>
Transfers out	<u>(299,270)</u>	<u>(161,039)</u>	<u>(460,309)</u>
Change in net assets	<u>(448,563)</u>	<u>(309,410)</u>	<u>(757,973)</u>
Net assets (deficit) - beginning of year, as restated	<u>8,437,980</u>	<u>(2,091,254)</u>	<u>6,346,726</u>
Net assets (deficit) - end of year	<u>\$ 7,989,417</u>	<u>\$ (2,400,664)</u>	<u>\$ 5,588,753</u>

See notes to financial statements.

City of Pico Rivera
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2010

	Business-type Activities - Enterprise Funds		
	Water Operations	Other Funds	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 5,815,078	\$ 1,063,497	\$ 6,878,575
Payments to suppliers	(2,538,812)	(525,156)	(3,063,968)
Payments to employees	(1,916,064)	(579,510)	(2,495,574)
Net cash provided (used) by operating activities	<u>1,360,202</u>	<u>(41,169)</u>	<u>1,319,033</u>
Cash flows from noncapital financing activities			
Advance from other funds	646,225	-	646,225
Transfers to/paid to other funds	(299,270)	(430,399)	(729,669)
Received from City of Pico Rivera	770,291	-	770,291
Net cash provided (used) by noncapital financing activities	<u>1,117,246</u>	<u>(430,399)</u>	<u>686,847</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(100,290)	(34,714)	(135,004)
Sale of capital assets	-	4,696	4,696
Principal retired	(1,490,000)	-	(1,490,000)
Interest paid	(3,253,582)	-	(3,253,582)
Net cash provided (used) by capital and related financing activities	<u>(4,843,872)</u>	<u>(30,018)</u>	<u>(4,873,890)</u>
Cash flows from investing activities			
Interest received	2,587,359	4,350	2,591,709
Net increase (decrease) in cash and cash equivalents	220,935	(497,236)	(276,301)
Cash and cash equivalents - beginning of year	4,038,733	884,777	4,923,510
Cash and cash equivalents - end of year	<u>\$ 4,259,668</u>	<u>\$ 387,541</u>	<u>\$ 4,647,209</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 493,126	\$ (124,131)	\$ 368,995
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	614,055	116,898	730,953
Amortization	83,370	-	83,370
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivables	167,327	-	167,327
(Increase) decrease in inventories	(37,740)	(2,285)	(40,025)
Increase (decrease) in accounts payable	33,104	(37,279)	(4,175)
Increase (decrease) in accrued liabilities	1,614	(8,932)	(7,318)
Increase (decrease) in deposits payable	13,050	-	13,050
Increase (decrease) in compensated absences	(7,705)	14,560	6,855
Total adjustments	<u>867,075</u>	<u>82,962</u>	<u>950,037</u>
Net cash provided (used) by operating activities	<u>\$ 1,360,202</u>	<u>\$ (41,169)</u>	<u>\$ 1,319,033</u>
Noncash investing and financing activities:			
Accrued interest on advances	\$ -	\$ 32,940	\$ 32,940

See notes to financial statements.

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-I 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, 2010

	<u>Assessment District 95-1 Improvement Agency Fund</u>
ASSETS	
Cash and investments	\$ 41,785
Taxes receivable	294
Interest receivable	<u>47</u>
Total assets	\$ <u><u>42,126</u></u>
LIABILITIES	
Due to bondholders	\$ <u><u>42,126</u></u>

NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

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 (Agency) 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 Governmental Accounting Standards Board (GASB) Statement 14 as amended by GASB Statement 39. 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 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 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.

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

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

- The members of the City Council also act as the governing body of the Agency and the Authorities.
- The 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 Agency 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.

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) including capital assets and infrastructure, as well as long-term debt are included in the accompanying statement of net assets. Statement of activities present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. Internal balances and interfund charges in the government-wide financial statements have been eliminated, except those between governmental and business-type activities. Interfund services provided and used are not eliminated in the process of consolidation.

Fund Financial Statements

Governmental Funds

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.

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.

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

The City's only fiduciary fund financial statement is related to an Agency fund. Agency funds have no measurement focus and are reported on the accrual basis of accounting.

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.

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.

The City reports the following major 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.

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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

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 fund:

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.

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 bond assessment district.

Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budget/actual comparisons in this report use the GAAP basis. Budgetary comparison schedules are presented for all funds except for funds which did not have legally adopted budgets.

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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.

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.

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.

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.

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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.

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.

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.

Capital Assets

Capital assets, which include land, 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 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.

Provisions for depreciation of capital assets is computed 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 60 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.

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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.

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.

Deferred Revenue

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).

Long-term Obligations

In the government-wide financial statements and proprietary fund types 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.

Fund Balances

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.

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net Assets

The governmental and business-type activities in the government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- Invested in capital assets, net of related debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.

- Restricted net assets – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net assets – This category represents the City's net assets, which are not restricted for any project or other purpose.

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.

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 assumptions 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.

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2010 are classified in the accompanying financial statements as follows:

	Government-Wide Statement of Net Assets	Fiduciary Fund Statement of Net Assets	Total
Unrestricted assets:			
Cash and investments	\$ 23,973,880	\$ 41,785	\$ 24,015,665
Restricted assets:			
Cash and investments with fiscal agents	35,791,459	-	35,791,459
Total cash and investments	<u>\$ 59,765,339</u>	<u>\$ 41,785</u>	<u>\$ 59,807,124</u>

Cash and investments at June 30, 2009 consisted of the following:

Cash on hand	\$ 9,550
Deposits with financial institutions	2,489,653
Investments	<u>57,307,921</u>
Total cash and investments	<u>\$ 59,807,124</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.

	Maximum Maturity	Maximum Percentage Allowed*	Maximum Investment in One Issuer
US 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

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

N/A - Not applicable

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

Investments 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 is 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 over time as necessary to provide the cash flow and liquidity needed for operations.

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:

Investment Type	Remaining Maturity in months
	12 Months or Less
Local Agency Investment Fund	\$ 21,545,899
Held by Bond Trustee:	
Money Market Mutual Funds	35,762,022
Total	\$ 57,307,921

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 & Poor's, as of year end for each investment type:

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investment Type	Total as of June 30, 2010	Minimum Legal Rating	AAA	Not rated
Local Agency Investment Fund	\$ 21,545,899	N/A	\$ -	\$ 21,545,899
Held by Bond Trustee:			-	-
Money Market Mutual Funds	35,762,022	A	35,762,022	-
Total	<u>\$ 57,307,921</u>		<u>\$ 35,762,022</u>	<u>\$ 21,545,899</u>

N/A - Not applicable

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, 2010, the City's deposits with financial institutions in excess of Federal Depository insurance limits of \$2,368,658 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.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2010, the City's investments in the State Treasurer's Investment Pool (LAIF) were \$21.5 million. The management of LAIF has indicated that as of June 30, 2010, the estimated fair value of the pool, including accrued interest, was approximately \$69.6 billion. LAIF's (and the City's) exposure to risk (credit, market, or legal) is not currently available.

NOTE 3 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2010, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 347,219
	Water Authority	3,646,921
	Golf Course	2,304,081
RDA Debt Service	RDA Capital Projects	3,030,830
Housing Agency Special Revenue	Other Governmental Funds	1,618
Capital Improvement	2009 Lease Revenue Bonds Capital Project	763,128
	Other Governmental Funds	32,508
		\$ 10,126,305

The amounts loaned from the General Fund to the Housing Agency Special Revenue Fund, the Debt Service Fund, the Other Governmental Funds, the Water Operations Fund and Other Enterprise Funds are short-term loans to fund operations of the various funds.

Receivable Fund	Payable Fund	Amount
General Fund	Redevelopment Agency Capital Projects Fund (1)	\$ 27,849,138
	Other Enterprise Funds	1,719,600
Water Enterprise Fund	Debt Service Fund (2)	33,132,709
	Redevelopment Agency Capital Projects Fund (1)	449,800
		\$ 63,151,247

(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, 2010, the City has advanced \$27,786,725 including accrued interest of \$19,006,365, which is included in the advance balance.

NOTE 3 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

(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, 2010, the Water Authority's advances to the Redevelopment Agency amounted to \$33,132,709 (including accrued interest of \$203,904). 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>
2011	\$ 940,000	2,413,950	3,353,950
2012	1,005,000	2,345,875	3,350,875
2013	1,075,000	2,273,075	3,348,075
2014	1,150,000	2,195,200	3,345,200
2015	1,230,000	2,111,900	3,341,900
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
2031-2032	3,810,000	411,950	4,221,950
Totals \$	<u>34,955,000</u>	<u>29,287,825</u>	<u>64,242,825</u>

At June 30, 2010, the balance of the advance from the Water Authority to the Redevelopment Agency is comprised of the following:

Outstanding balance on revenue bonds	\$ 34,955,000
Less unamortized revenue bond discount	(2,026,195)
Plus accrued interest	<u>203,904</u>
	<u>\$ 33,132,709</u>

NOTE 3 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Transfers In/Out		
Transfer From	Transfer to	Amount
Other governmental funds	General Fund	\$ 2,257,443
Water enterprise fund	General Fund	396,699
Other enterprise fund	General Fund	150,000
General debt service fund	Capital projects fund	29,478,834
Other governmental funds	RDA capital projects funds	167,500
Other governmental funds	Debt service fund	677,690
General fund	Capital improvement fund	1,276,830
Other governmental funds	Capital improvement fund	1,237,672
Capital projects fund	Capital improvement fund	1,995,120
Water	Capital improvement fund	100,289
Other enterprise fund	Capital improvement fund	11,039
Other governmental funds	Capital improvement fund	4,241,517
		\$ 41,990,633

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

NOTE 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, 2010 totaled \$239,716.

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, 2010 is \$4,148,330.

NOTE 4 LONG-TERM RECEIVABLES (CONTINUED)

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, 2010 is \$27,742.

D. Loans receivable consist of low interest home improvement loans made from CALHOME Grant Funds to low and moderate income homeowners. The 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, 2010 is \$738,442.

E. 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-seven years from the date of the loan. The amount of the loans outstanding at June 30, 2010 is \$431,598.

F. Low interest commercial improvement loans were issued by the Redevelopment Agency for facade improvements. The loans are payable in monthly installments over a ten-year period. The balance of these loans at June 30, 2010 is \$14,053.

G. 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, 2010 was \$95,000.

H. A lease receivable is recorded in the City's General 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 this lease from surplus revenues over the 50-year life of the lease ending April 1, 2049. Payments vary with the level of surplus revenues. The balance of the lease at June 30, 2010 is \$18,761,671. The lease receivable and capitalized lease obligation have been eliminated similar to internal balances in the statement of net assets.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 119,107,036	\$ -	\$ -	\$ 119,107,036
Construction in progress	24,676,295	8,746,995	6,874,241	26,549,049
Total capital assets, not being depreciated	143,783,331	8,746,995	6,874,241	145,656,085
Capital assets, being depreciated				
Structures and improvements	21,607,387	-	-	21,607,387
Furniture and equipment	7,392,432	201,019	10,755	7,582,696
Infrastructure	125,841,891	6,874,241	-	132,716,132
Total capital assets, being depreciated	154,841,710	7,075,260	10,755	161,906,215
Less accumulated depreciation for:				
Structures and improvements	(5,773,640)	(370,643)	-	(6,144,283)
Furniture and equipment	(6,006,858)	(253,531)	-	(6,260,389)
Infrastructure	(76,825,434)	(3,005,479)	-	(79,830,913)
Total accumulated depreciation	(88,605,932)	(3,629,653)	-	(92,235,585)
Net capital assets being depreciated	66,235,778	3,445,607	10,755	69,670,630
Governmental activities capital assets, net	\$ 210,019,109	\$ 12,192,602	\$ 6,884,996	\$ 215,326,715

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

	2010
General government	\$ 211,437
Public safety	1,788
Public Works	3,134,932
Parks and recreation	269,652
Community development	11,844
	\$ 3,629,653

City of Pico Rivera
Notes to Financial Statements
Year ended June 30, 2010

NOTE 5 CAPITAL ASSETS (CONTINUED)

<u>Business-type activities:</u>	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>
Capital assets, not being depreciated				
Land	\$ 18,174,062	\$ 740,416	\$ -	\$ 18,914,478
Capital assets, being depreciated				
Structures and improvements	4,868,475	-	-	4,868,475
Utility Plant in Service	27,365,589	-	-	27,365,589
Equipment	1,107,744	34,715	-	1,142,459
Infrastructure	12,250,223	-	-	12,250,223
Total capital assets, being depreciated	<u>45,592,031</u>	<u>34,715</u>	<u>-</u>	<u>45,626,746</u>
Less accumulated depreciation for:				
Structures and improvements	(2,810,492)	(115,416)	-	(2,925,908)
Utility Plant in Service	(3,602,286)	(366,644)	-	(3,968,930)
Equipment	(1,000,300)	(36,068)	-	(1,036,368)
Infrastructure	(10,170,674)	(212,826)	-	(10,383,500)
Total accumulated depreciation	<u>(17,583,751)</u>	<u>(730,954)</u>	<u>-</u>	<u>(18,314,705)</u>
Net capital assets being depreciated	<u>28,008,280</u>	<u>(696,239)</u>	<u>-</u>	<u>27,312,041</u>
Business-type activities capital assets, net	<u>\$ 46,182,342</u>	<u>\$ 44,177</u>	<u>\$ -</u>	<u>\$ 46,226,519</u>

NOTE 6 LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2010, were as follows:

	<u>Balances at June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances at June 30, 2010</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds payable	\$ -	\$ 32,860,000	\$ -	\$ 32,860,000	\$ -
Bond premium	-	1,347,755	(37,438)	1,310,317	-
Total	<u>-</u>	<u>34,207,755</u>	<u>(37,438)</u>	<u>34,170,317</u>	<u>-</u>
County deferral	38,904,643	-	(454,512)	38,450,131	-
Other post-employment benefits	1,878,834	2,711,548	(735,337)	3,855,045	-
Compensated absences	741,643	-	(45,138)	696,505	136,000
Total governmental activities	<u>41,525,120</u>	<u>36,919,303</u>	<u>(1,272,425)</u>	<u>77,171,998</u>	<u>136,000</u>
Business-type activities:					
Revenue bonds payable	54,675,000	-	(1,490,000)	53,185,000	1,580,000
Bond premium	790,520	-	(39,859)	750,661	-
Bond discount	(572,004)	-	26,710	(545,294)	-
Total	<u>54,893,516</u>	<u>-</u>	<u>(2,775,574)</u>	<u>53,390,367</u>	<u>1,580,000</u>
Compensated absences	160,897	6,854	-	167,751	10,907
Total business-type activities	<u>55,054,413</u>	<u>6,854</u>	<u>(2,775,574)</u>	<u>53,558,118</u>	<u>1,590,907</u>
Total long-term liabilities	<u>\$ 96,579,533</u>	<u>\$ 36,926,157</u>	<u>\$ (4,047,999)</u>	<u>\$ 130,730,116</u>	<u>\$ 1,726,907</u>

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities

A. 2009 Revenue Bonds

In September 2009, the Pico Rivera Public Financing Authority issued \$32,860,000 of Revenue Bonds, (Series 2009). The bonds were issued to provide funds to (a) finance public improvements, including library construction, street improvements, park renovations and other public improvements, (b) fund a deposit to the reserve account for the 2009 bonds, (c) fund capitalized interest on the 2009 Bonds through September 1, 2010 and (d) pay for cost of issuance of the bonds. The bonds are due through September 1, 2039 and bear interest rate ranging from 4% to 5.25%. Interest is payable semiannually on September 1 and March 1 of each year, commencing on March 1, 2010. The Bonds are subject to optional redemption in whole or in part on any interest payment date due on or after September 1, 2019, by lot at a redemption price equal to the principal amount plus interest accrued thereon.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	\$ 1,697,401	\$ 1,697,401
2012	-	1,768,638	1,768,638
2013	560,000	1,757,437	2,317,437
2014	585,000	1,734,537	2,319,537
2015	610,000	1,710,638	2,320,638
2016-2020	3,495,000	8,068,362	11,563,362
2021-2025	4,500,000	7,042,250	11,542,250
2026-2029	5,740,000	5,757,569	11,497,569
2030-2034	7,485,000	3,671,675	11,156,675
2035-2039	9,885,000	1,484,794	11,369,794
Totals	<u>32,860,000</u>	<u>34,693,301</u>	<u>67,553,301</u>
Add premium	1,310,317	-	1,310,317
	<u>\$ 34,170,317</u>	<u>\$ 34,693,301</u>	<u>\$ 68,863,618</u>

B. County Deferral

The Redevelopment Agency and County entered into an agreement whereby the County will defer its share of tax increment (County Deferral) generated within the project area and remit it to the Agency to meet the Agency's debt service obligations. The County Deferrals accrue simple interest of 5% of the current year's annual deferral amount. After that no additional interest accrues. 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, 2010, the balance of the County Deferrals including interest was \$38,450,131.

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

C. Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The liability amounts of \$696,505 at June 30, 2010 are expected to be paid in future years from future resources. The General Fund, typically, has been used in prior years to liquidate the liability for compensated absences.

Business-type Activities

C. 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 and to purchase the Redevelopment Agency's Tax Allocation Bonds (see 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>
Water Authority	1999A	3.25%-5.5%	\$ 17,940	\$ 16,935	May 2029
Water Authority	1999B	6.00%-6.75%	5,520	2,015	May 2014
Water Authority	2001	5.75%-6.25%	40,710	34,235	December 2032
			<u>\$ 64,170</u>	<u>\$ 53,185</u>	

All operating and nonoperating revenues of the City's Water Operations Enterprise Fund are pledged to secure these revenue bonds.

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 date 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, 2010 is \$600,000.

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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

Year ending June 30,	Principal	Interest	Total
2011	\$ 115,000	\$ 931,425	\$ 1,046,425
2012	120,000	925,100	1,045,100
2013	130,000	918,500	1,048,500
2014	135,000	911,350	1,046,350
2015	735,000	903,925	1,638,925
2016-2020	4,320,000	3,867,875	8,187,875
2021-2025	5,645,000	2,542,375	8,187,375
2026-2029	5,735,000	809,600	6,544,600
Totals	16,935,000	11,810,150	28,745,150
Add premium	750,661	-	750,661
	<u>\$ 17,685,661</u>	<u>\$ 11,810,150</u>	<u>\$ 29,495,811</u>

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

Year ending June 30,	Principal	Interest	Total
2011	\$ 455,000	\$ 136,012	\$ 591,012
2012	485,000	105,300	590,300
2013	520,000	72,563	592,563
2014	555,000	37,462	592,462
Totals	<u>\$ 2,015,000</u>	<u>\$ 351,337</u>	<u>\$ 2,366,337</u>

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.

Annual debt service for the 2001 Series revenue bonds follows:

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Year ending June 30,	Principal	Interest	Total
2011	\$ 1,010,000	\$ 2,094,625	\$ 3,104,625
2012	1,065,000	2,034,969	3,099,969
2013	1,130,000	1,971,863	3,101,863
2014	1,195,000	1,902,031	3,097,031
2015	1,270,000	1,825,000	3,095,000
2016-2020	7,625,000	7,792,969	15,417,969
2021-2025	10,340,000	5,006,260	15,346,260
2026-2030	7,150,000	2,072,512	9,222,512
2031-2032	3,450,000	332,188	3,782,188
	<u>34,235,000</u>	<u>25,032,417</u>	<u>59,267,417</u>
Less discount	<u>(545,294)</u>	<u>-</u>	<u>(545,294)</u>
Total	<u>\$ 33,689,706</u>	<u>\$ 25,032,417</u>	<u>\$ 58,722,123</u>

The bond indenture requires the Authority to maintain a bond reserve in the amount of \$3,134,762, which includes the required Water Rate Stabilization Fund 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, 2010 amounted to \$2,534,763 and \$600,000, respectively.

The 2001 series revenue bond indenture also requires the Authority to maintain rates sufficient to generate subordinate net water revenues, as defined by the bond indenture, equal to 1.25% of the current year's debt service requirement. The Authority's coverage ratio in Fiscal Year 2009 was .90%, which is less than the required 1.25%. The effect of this violation of the bond indenture has not been determined.

City Council approved four automatic water rate increases of 15% every January 1, with the two remaining increases scheduled for January 1, 2011 and January 1, 2012. Management expects that debt service coverage ratios will be achieved by the end of the last water rate increase in 2012.

D. Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The liability amounts of \$167,751 at June 30, 2010 are expected to be paid in future years from future resources.

The ability of the Redevelopment Agency to meet its debt service requirements, including repayment of the County deferral, is dependent on future increases in tax increment revenue or ongoing advances from the City. The City and Agency management doubt that economic conditions will allow for repayment of the Agency's advances from the City of Pico Rivera and its debt to the County of Los Angeles for tax increment deferral.

NOTE 7 COMMITMENT AND CONTINGENCIES

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, 2010, 8 years remain of the initial lease term.

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, 2010, the balance of the City Deferrals including interest was \$29,130,975.

NOTE 8 RETIREMENT PLAN

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.

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 14.419% for non-safety employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For the year ended June 30, 2010, the City's annual pension cost of \$2,108,790 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by age, length of service and type of employment from 3.25 % to 14.45%, (c) a 3.0% inflation rate; (d) a 3.25% payroll growth rate; and (e) a merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%.

NOTE 8 RETIREMENT PLAN (CONTINUED)

The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three-year period. Initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent Plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the Plan are amortized over a rolling period which results in an amortization of 10% of unamortized gains and losses each year. If the Plan's accrued liability exceeds the actuarial value of Plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

**Three-year Trend Information for PERS
(In Thousands)**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008	\$ 1,978	100%	\$ -
June 30, 2009	2,038	100%	-
June 30, 2010	2,109	100%	-

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 78.8% funded. The actuarial accrued liability for benefits was \$67,218,423 and the actuarial value of assets was \$52,946,984 resulting in an unfunded actuarial accrued liability (UAAL) of \$14,271,439. The covered payroll (annual payroll of active employees covered by the plan) was \$9,273,346 and the ratio of the UAAL to the covered payroll was 153.9%.

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, 2010, the City's payroll covered by the plan was \$2,528,716. The City made employer contributions of \$100,636 (3.75% of current covered payroll), and employees contributed \$100,636 (3.75% of current covered payroll).

NOTE 8 RETIREMENT PLAN (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:

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

For the year ended June 30, 2010 the City contributed a total \$100,636 to the City Council members' defined contribution plan.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

In addition to the retirement plan described in Note 8, the City provides health care insurance benefits for its full-time employees who retire subsequent to October 1, 1983. The City pays 100 percent of the medical premium and 85 percent of the PERS Care premium for all PERS vested retirees age of 50 or above and their eligible dependents. The City's obligation to pay full medical costs relates only to those medical coverage costs provided through PERS. The City is not 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.

Eligible participants to the plan at June 30, 2008, the date of the latest actuarial valuation are as follows:

Retirees receiving benefits:		
Age 65 and above		48
Age below 65		42
	Subtotal	90
Active/full-time employees		152
	Total	242

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

As of June 30, 2010, the City has not established a trust or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors. The City's contribution is currently based on a projected pay-as-you-go funding method, that is, benefits are payable when due. The cost of retiree health care insurance benefits is recognized as expenditure as insurance premiums are paid. For the fiscal year ended June 30, 2010, those costs totaled \$735,337.

The following table shows the components of the City's annual Other Post Employment Benefits (OPEB) cost for the year (based on 30-year amortization), the amount of benefits and/or insurance premiums actually paid and the City's Net OPEB obligation as of June 30, 2010:

	Amount
Annual required contribution	\$ 2,627,000
Interest on net OPEB obligation	84,548
Annual OPEB cost (expense)	2,711,548
Contributions to irrevocable trust	-
Premium payments including benefit payments	(735,337)
Increase in net OPEB obligation	1,976,211
Net OPEB obligation - beginning of year	1,878,834
Net OPEB obligation - end of year	\$ 3,855,045

The Annual Required Contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and 2010 were:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$2,627,000	28%	\$1,878,834
6/30/10	\$2,711,548	27%	\$3,855,045

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The funded status of the plan as of June 30, 2008, the plan's most recent actuarial valuation date, was:

Actuarial accrued liability (AAL)	\$ 26,651,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 26,651,000</u>
Funded ratio (actuarial value of plan assets AAL)	-
Covered payroll	<u>\$ 8,306,000</u>
UAAL as a percentage of covered payroll	<u>321%</u>
Normal cost	<u>\$ 1,566,000</u>

The normal cost for the plan is the amount that the liabilities are expected to increase during the year based on increased eligibility and service. Normal cost is the value of benefits expected to be earned during the year, based on certain methods and assumptions.

In the June 30, 2008 actuarial valuation, the entry age normal actuarial cost method was used to value liabilities. Wherever normal cost is stated, this cost method is assumed. The actuarial assumptions included a 4.25% discount rate (assuming the Plan will not be pre-funded), an annual non Medicare eligible HMO medical cost trend rate for 2009 of 9.7% (PPO – 10.5%) decreasing to 4.5% on year 2017, a 3% general inflation rate, and a 3.25% aggregate payroll increase. The UAAL is being amortized as a level percentage of projected payroll over 30 years on a closed group basis.

NOTE 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.

NOTE 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, 2010, the bonds outstanding from this Assessment District total \$40,000.

NOTE 11 NON-CITY OBLIGATION DEBT SPECIAL ASSESSMENT BONDS (CONTINUED)

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.

NOTE 12 INSURANCE PROGRAM

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 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Insurance 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 coverage's. 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.

Self-Insurance Programs of the Insurance Authority

General Liability Insurance. Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$5,000,000 to \$50,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Insurance Authority's investment earnings.

Workers' Compensation. The City also participates in the workers' compensation pool administered by the Insurance Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000

NOTE 12 INSURANCE PROGRAM (CONTINUED)

are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and employer's liability losses from \$5,000,000 to \$10,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties - Excess Insurance Authority members. Costs from \$2,000,000 to \$300,000,000 are transferred to reinsurance carriers. Costs in excess of \$300,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Worker's Compensation law. Administrative expenses are paid from the Authority's investment earnings.

Purchased Insurance

Property Insurance. The City of Pico Rivera participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. Total all-risk property insurance coverage is \$36,476,167. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 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 Insurance Authority. The City properties currently have earthquake protection in the amount of \$35,241,535. There is a deductible of 5% of value with a minimum deductible of \$1,000,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance. The City of Pico Rivera purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Insurance 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 Insurance 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 Insurance Authority has a limit of \$50,000 for the 3-year period from July 1, 2006 through June 30, 2010. Each member of the Insurance Authority has a \$10,000,000 limit during the 3-year term of the policy.

Boiler and Machinery Insurance. Covers objects and machinery. This insurance is part of the All Risk Property Insurance. \$100,000,000 per occurrence \$5,000 deductible. Premium for this coverage are paid annually and are not subject to retroactive adjustments.

NOTE 12 INSURANCE PROGRAM (CONTINUED)

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.

NOTE 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, 2010 are tabulated below, followed by explanations as to the nature and purpose of each reserve.

	General	Housing Agency	State Grants	Debt Service	Redevelopment Agency Capital Projects	Other Governmental Funds	Totals
Reserved for:							
Advances to other funds	\$ 8,011,078	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,011,078
Encumbrances	-	-	-	-	-	-	-
Prepays and deposits	60,000	-	-	-	-	-	60,000
Land held for resale	-	-	-	-	587,610	-	587,610
Long-term receivables	18,761,671	-	-	-	540,651	-	19,302,322
Low and moderate income housing	-	-	-	-	3,879,557	-	3,879,557
Debt service requirements	1,089,272	-	-	-	700,848	2,592,273	4,382,393
Emergency reserve	4,500,000	-	-	-	-	-	4,500,000
Economic stabilization/Stimulus	2,500,000	-	-	-	-	-	2,500,000
Capital projects	-	-	-	-	-	27,496,905	27,496,905
Economic development	-	-	-	-	-	-	-
Subtotal	<u>34,922,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,708,666</u>	<u>30,089,178</u>	<u>70,719,865</u>
Unreserved:							
Designated for special fund purposes	-	1,042,657	1,146,546	-	-	10,943,278	13,132,481
Designated for future capital projects	1,498,947	-	-	-	(28,959,913)	-	(27,460,966)
Debt service	-	-	-	(36,446,232)	-	-	(36,446,232)
Undesignated	6,517,628	-	-	-	-	-	6,517,628
Subtotal	<u>8,016,575</u>	<u>1,042,657</u>	<u>1,146,546</u>	<u>(36,446,232)</u>	<u>(28,959,913)</u>	<u>10,943,278</u>	<u>(44,257,089)</u>
Total fund balances	<u>\$ 42,938,596</u>	<u>\$ 1,042,657</u>	<u>\$ 1,146,546</u>	<u>\$ (36,446,232)</u>	<u>\$ (23,251,247)</u>	<u>\$ 41,032,456</u>	<u>\$ 26,462,776</u>

Reserved for Prepays and Deposits

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

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.

NOTE 13 FUND BALANCE RESERVES (CONTINUED)

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.

Reserved for Debt Service

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

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.

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.

NOTE 14 OTHER REQUIRED DISCLOSURES

Expenditures in Excess of Appropriations

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

Major Funds:

Debt Service Fund			
Pass through to other agencies	\$	774,697	
Interest and fiscal charges		154,076	

Other Governmental Funds:

Prop A		47,423	
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Deficit Fund Balances/Net Assets

The following funds reported deficit fund balances/net assets at June 30, 2010:

Major Funds:

Debt Service Fund	\$	36,446,232	
Redevelopment Agency Capital Projects Fund		23,251,247	

Nonmajor Funds

Lighting Assessment District		161,989	
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Other Enterprise Funds:

Golf Course Fund		2,462,481	
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Management expects to eliminate the deficits with subsequent revenues or transfers from the General Fund.

**NOTE 15 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)
PRONOUNCEMENTS**

GASB No. 53 - GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Statement 53 is intended to improve how state and local governments report information about derivative instruments—financial arrangements used by governments to manage specific risks or make investments—in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged.

GASB No. 54 - GASB has issued Statement No. 54, *Fund Balance Reporting and Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This Statement also provides for additional fund classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

GASB No. 55 - GASB has issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The Board does not expect that this Statement will result in a change in current practice.

GASB No. 56 - GASB has issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes *accounting* principles—related party transactions, going concern considerations, and subsequent events. This Statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards.

GASB No. 58 - GASB has issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This Statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

NOTE 16 PRIOR PERIOD ADJUSTMENT

The Water Operations Fund's beginning net asset balance has been restated to reflect the effect of recording of assets not capitalized in prior years amounting to \$640,128.

Net assets at June 30, 2009, as previously reported	\$	7,797,852
Capital assets not properly recorded in prior years		<u>640,128</u>
Net assets at June 30, 2009, as restated	\$	<u><u>8,437,980</u></u>

NOTE 17 CONTINGENCIES AND SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2010 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 17, 2010, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements other than the following:

The Agency has experienced difficulty in timely meeting all obligations because of several fiscal impacts during the current fiscal year as well as subsequent to year end of June 30, 2010 as follows:

- a. The last year of deferral of \$1,065,000 of pass-through revenue from the County of Los Angeles was received in the fiscal year ending June 30, 2009.
- b. The State of California required payment of \$1,667,788 under the SERAF legislation passed this year, with another \$343,000 in SERAF payments due to the State next year.
- c. Due to declining assessed values, tax increment property tax revenues are expected to decrease in the next two to three fiscal years.

The Agency has engaged legal counsel to request a five year extension of the County deferral payment to allow the Agency to maintain needed cash flows during this economic downturn. If Agency counsel does not prevail in its request to the County, the Agency will consider options that include borrowing additional cash from the Low & Moderate Income Housing Fund, temporarily waiving the 20% Housing set-aside requirement, and or requesting assistance from the City of Pico Rivera.

For financial presentation purposes, management has presented cash balances for the Agency as a separate entity from the City of Pico Rivera. At June 30, 2010, short-term interfund borrowing of cash between Agency Debt Service Fund and Housing Fund was used to cover the overdraft of the Debt Service Fund.

REQUIRED SUPPLEMENTARY INFORMATION

City of Pico Rivera
Budgetary Comparison Schedule
General Fund
Year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 19,437,013	\$ 18,635,000	\$ 17,342,852	\$ (1,292,148)
Licenses and permits	2,496,500	2,538,000	2,385,338	(152,662)
Intergovernmental	6,318,100	6,129,000	6,083,244	(45,756)
Charges for services	1,414,700	1,019,600	892,030	(127,570)
Fines, forfeitures and penalties	1,404,000	1,500,000	1,672,249	172,249
Investment and rental	250,000	202,036	60,130	(141,906)
Miscellaneous	262,500	473,000	552,547	79,547
Total revenues	31,582,813	30,496,636	28,988,390	(1,508,246)
Expenditures				
Current:				
General government	9,958,477	8,324,509	7,814,555	509,954
Public safety	11,490,599	12,342,207	11,590,148	752,059
Public works	9,294,544	8,386,544	7,785,122	601,422
Parks and recreation	3,960,495	4,151,585	3,409,416	742,169
Health and welfare	502,148	534,148	447,490	86,658
Total expenditures	35,206,263	33,738,993	31,046,731	2,692,262
Excess (deficiency) of revenues over expenditures	(3,623,450)	(3,242,357)	(2,058,341)	1,184,016
Other financing sources (uses)				
Transfers in	4,100,654	3,973,624	2,804,143	(1,169,481)
Transfers out	-	(3,551,668)	(2,226,248)	1,325,420
Net other financing sources (uses)	4,100,654	421,956	577,895	155,939
Net change in fund balance	477,204	(2,820,401)	(1,480,446)	1,339,955
Fund balance - beginning of year	44,419,042	44,419,042	44,419,042	-
Fund balance - end of of year	\$ 44,896,246	\$ 41,598,641	\$ 42,938,596	\$ 1,339,955

**City of Pico Rivera
 Budgetary Comparison Schedule
 Housing Agency Special Revenue Fund
 Year ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 5,971,000	\$ 5,971,000	\$ 5,547,028	\$ (423,972)
Investment and rental	8,300	8,300	3,880	(4,420)
Miscellaneous	(16,600)	(16,600)	5,692	22,292
Total revenues	5,962,700	5,962,700	5,556,600	(406,100)
Expenditures				
Current:				
Health and welfare	5,995,478	5,993,988	5,549,722	444,266
Net change in fund balance	(32,778)	(31,288)	6,878	38,166
Fund balance - beginning of year	1,035,779	1,035,779	1,035,779	-
Fund balance - end of of year	<u>\$ 1,003,001</u>	<u>\$ 1,004,491</u>	<u>\$ 1,042,657</u>	<u>\$ 38,166</u>

**City of Pico Rivera
California Public Retirement System
Schedule of Funding Progress
Year ended June 30, 2010**

The schedule of funding progress presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Amounts
(in Thousands)

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (AAL) (A)	Actuarial Asset Value (B)	Unfunded Actuarial Accrued Liability (Excess Assets) [(A)-(B)] (UAAL) (C)	Funded Ratio [(B)/(A)] (D)	Covered Payroll (E)	Unfunded Accrued Actuarial Liability as Percentage of Covered Payroll {[(A)-(B)]/(E)} (F)
June 30, 2007 \$	56,387 \$	47,646 \$	8,741	84.50%	\$ 8,751	99.89%
June 30, 2008	60,406	51,924	8,482	85.96%	9,085	93.36%
June 30, 2009	67,218	52,947	14,271	78.77%	9,273	153.90%

SUPPLEMENTARY INFORMATION

NOTE 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 following Special Revenue Funds, the Urban Park and Recreation Program, the Federal Earmark, the Federal Emergency Management Agency, the Intermodal Surface Transportation Efficiency Act Funds, and the Assessment District 95-1 Improvement Capital Projects Fund, are not presented since no budget was adopted for these funds.

City of Pico Rivera
Budgetary Comparison Schedule
Debt Service Fund
Year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 5,500,000	\$ 5,500,000	\$ 6,400,131	\$ 900,131
Investment and rental	-	-	-	-
Total revenues	<u>5,500,000</u>	<u>5,500,000</u>	<u>6,400,131</u>	<u>900,131</u>
Expenditures				
Current:				
General government	123,000	123,000	118,408	4,592
Pass through to other agencies	4,550,500	4,550,500	5,325,197	(774,697)
Debt service:				
Interest and fiscal charges	2,800,000	2,800,000	2,954,076	(154,076)
Total expenditures	<u>7,473,500</u>	<u>7,473,500</u>	<u>8,397,681</u>	<u>(924,181)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,973,500)</u>	<u>(1,973,500)</u>	<u>(1,997,550)</u>	<u>(24,050)</u>
Other financing sources (uses)				
Transfers in	677,690	677,690	677,690	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>677,690</u>	<u>677,690</u>	<u>677,690</u>	<u>-</u>
Net change in fund balance	(1,295,810)	(1,295,810)	(1,319,860)	(24,050)
Fund balance (deficit) beginning of year	(35,126,372)	(35,126,372)	(35,126,372)	-
Fund balance (deficit) end of year	<u>\$ (36,422,182)</u>	<u>\$ (36,422,182)</u>	<u>\$ (36,446,232)</u>	<u>\$ (24,050)</u>

City of Pico Rivera
Budgetary Comparison Schedule
Capital Improvement Capital Projects Fund
Year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Capital outlay	\$ 33,399,532	\$ 65,317,656	\$ 8,862,466	\$ 56,455,190
Other financing sources				
Transfers in	33,399,532	65,317,656	8,862,466	(56,455,190)
Transfers out	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

City of Pico Rivera
Budgetary Comparison Schedule
Redevelopment Agency Capital Projects Fund
Year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 3,356,008	\$ 3,356,008	\$ 3,389,224	\$ 33,216
Investment and rental	33,950	33,950	28,451	(5,499)
Miscellaneous	-	-	116,223	116,223
Total revenues	<u>3,389,958</u>	<u>3,389,958</u>	<u>3,533,898</u>	<u>143,940</u>
Expenditures				
Current:				
General government	-	-	-	-
Community development	2,422,676	2,422,676	2,295,733	126,943
Debt service:				
Interest and fiscal charges	1,013,300	1,013,300	1,013,266	34
Total expenditures	<u>3,435,976</u>	<u>3,435,976</u>	<u>3,308,999</u>	<u>126,977</u>
Excess (deficiency) of revenues over expenditures	<u>(46,018)</u>	<u>(46,018)</u>	<u>224,899</u>	<u>270,917</u>
Other financing sources (uses)				
Transfers in	167,500	167,500	167,500	-
Transfers out	(677,690)	(677,690)	(677,690)	-
Net other financing sources (uses)	<u>(510,190)</u>	<u>(510,190)</u>	<u>(510,190)</u>	<u>-</u>
Net change in fund balance	(556,208)	(556,208)	(285,291)	270,917
Fund balance (deficit) - beginning of year	<u>(22,965,956)</u>	<u>(22,965,956)</u>	<u>(22,965,956)</u>	<u>-</u>
Fund balance (deficit) - end of year	<u>\$ (23,522,164)</u>	<u>\$ (23,522,164)</u>	<u>\$ (23,251,247)</u>	<u>\$ 270,917</u>

**City of Pico Rivera
2009 Lease Revenue Bond
Capital Projects Fund
Year ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses)				
Transfers in	29,478,834	29,478,834	29,478,834	-
Transfers out	<u>(29,458,866)</u>	<u>(29,458,866)</u>	<u>(1,995,120)</u>	<u>27,463,746</u>
Net change in fund balance	19,968	19,968	27,483,714	27,463,746
Fund balance (deficit) - beginning of year	-	-	-	-
Fund balance (deficit) - end of year	<u>\$ 19,968</u>	<u>\$ 19,968</u>	<u>\$ 27,483,714</u>	<u>\$ 27,463,746</u>

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 infeasible 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.

Federal STPL 5351 accounts for funds received from the Department of Transportation for paramount Boulevard Roadway Rehabilitation project.

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 1/2% sales tax approved by Prop A in Los Angeles County which is restricted for transportation programs and projects.

Prop C Fund accounts for the 1/2% sales tax approved by Prop C which is restricted for transportation programs and projects.

CALHOME Grant Fund accounts for funds received from the State of California for the purpose of providing home rehabilitation loans.

Measure R Fund accounts for monies received and expenditures relative to Measure R projects.

Federal ARRA Grant accounts for all grants received and expenditures paid relative to all ARRA programs.

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.

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.

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

Urban Park and Recreation Recovery Program Fund accounts for funds received from the State of California for purposes of park rehabilitation.

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.

Federal Earmark Fund accounts for funds received from the Federal Government for the rehabilitation of intersections, parkway improvements, landscaping, and signalization at various locations along Rosemead Blvd within the City limits of Pico Rivera.

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.

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 FUND

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, 2010**

	Special Revenue Funds	Capital Project Funds	General Debt Service Fund	Total Other Governmental
ASSETS				
Cash and investments	\$ 11,963,845	\$ 12,916	\$ -	\$ 11,976,761
Cash and investments with fiscal agent	-	-	3,255,512	3,255,512
Accounts receivable	1,116,610	-	-	1,116,610
Taxes receivable	158,472	260	-	158,732
Interest receivable	712,099	15	-	712,114
Long-term receivables	5,154,230	-	-	5,154,230
Total assets	\$ 19,105,256	\$ 13,191	\$ 3,255,512	\$ 22,373,959
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 558,574	\$ -	\$ -	\$ 558,574
Accrued liabilities	28,328	-	663,239	691,567
Due to other funds	381,346	-	-	381,346
Deferred revenue	6,047,184	-	-	6,047,184
Total liabilities	7,015,432	-	663,239	7,678,671
 Fund balances				
Reserved	-	13,191	2,592,273	2,605,464
Unreserved reported in:				
Special revenue funds	12,089,824	-	-	12,089,824
Total fund balances (deficits)	12,089,824	13,191	2,592,273	14,695,288
Total liabilities and fund balances	\$ 19,105,256	\$ 13,191	\$ 3,255,512	\$ 22,373,959

City of Pico Rivera
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year ended June 30, 2010

	Special Revenue Funds			Total Other Governmental
	Special Revenue Funds	Capital Project Funds	General Debt Service Fund	
Revenues				
Taxes and assessments	\$ 1,230,536	\$ 9,829	\$ -	\$ 1,240,365
Intergovernmental	9,616,937	-	-	9,616,937
Charges for services	54,253	-	-	54,253
Investment and rental	175,094	40	5,177	180,311
Miscellaneous	499,870	-	-	499,870
Total revenues	11,576,690	9,869	5,177	11,591,736
Expenditures				
Current:				
Public works	1,705,273	-	-	1,705,273
Parks and recreation	951,136	-	-	951,136
Health and welfare	10,022	-	-	10,022
Community development	1,690,090	-	-	1,690,090
Capital outlay	25,814	-	-	25,814
Debt Service:				
Interest	-	-	1,405,084	1,405,084
Bond issuance costs	-	-	736,741	736,741
Total expenditures	4,382,335	-	2,141,825	6,524,160
Excess (deficiency) of revenues over expenditures	7,194,355	9,869	(2,136,648)	5,067,576
Other financing sources (uses)				
Transfers out	(7,050,948)	-	(29,478,834)	(36,529,782)
Bond issuance	-	-	32,860,000	32,860,000
Bond premium	-	-	1,347,755	1,347,755
Net other financing sources (uses)	(7,050,948)	-	4,728,921	(2,322,027)
Net change in fund balance	143,407	9,869	2,592,273	2,745,549
Fund balances (deficits) - beginning of year	11,946,417	3,322	-	11,949,739
Fund balances (deficits) - end of year	\$ 12,089,824	\$ 13,191	\$ 2,592,273	\$ 14,695,288

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	<u>Special Revenue Funds</u>		
	Community Development Block	Equipment Replacement	State Gas Tax
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 406,306	\$ 499,660	\$ -
Cash and investments with fiscal agent	-		
Accounts receivable	366,420	-	-
Taxes receivable	-	-	101,156
Interest receivable	588,854	590	-
Long-term receivables	<u>4,415,788</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>5,777,368</u>	\$ <u>500,250</u>	\$ <u>101,156</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 188,810	\$ 16,210	\$ -
Accrued liabilities	15,258	-	-
Due to other funds	-	-	101,156
Deferred revenue	<u>5,004,798</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>5,208,866</u>	<u>16,210</u>	<u>101,156</u>
Fund balances (deficits)			
Unreserved reported in:			
Special revenue funds	568,502	484,040	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>568,502</u>	<u>484,040</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>5,777,368</u>	\$ <u>500,250</u>	\$ <u>101,156</u>

**City of Pico Rivera
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2010**

Special Revenue Funds (Continued)

Lighting Assessment District	Federal STPL 5351	Park Development	Prop A	Prop C	Measure R	CALHOME Grant
\$ -	\$ -	\$ 32,976	\$ 698,168	\$ 2,695,080	\$ 424,894	\$ 106,146
-	-	-	-	2,134	-	-
57,316	-	-	-	-	-	-
-	-	39	61,000	3,277	405	50,332
-	-	-	-	-	-	738,442
<u>\$ 57,316</u>	<u>\$ -</u>	<u>\$ 33,015</u>	<u>\$ 759,168</u>	<u>\$ 2,700,491</u>	<u>\$ 425,299</u>	<u>\$ 894,920</u>
\$ -	\$ -	\$ -	\$ 302,928	\$ -	\$ -	\$ -
-	-	-	929	-	-	-
219,305	-	-	-	-	-	-
-	-	-	-	-	-	788,774
<u>219,305</u>	<u>-</u>	<u>-</u>	<u>303,857</u>	<u>-</u>	<u>-</u>	<u>788,774</u>
-	-	-	-	-	-	-
(161,989)	-	33,015	455,311	2,700,491	425,299	106,146
-	-	-	-	-	-	-
<u>(161,989)</u>	<u>-</u>	<u>33,015</u>	<u>455,311</u>	<u>2,700,491</u>	<u>425,299</u>	<u>106,146</u>
<u>\$ 57,316</u>	<u>\$ -</u>	<u>\$ 33,015</u>	<u>\$ 759,168</u>	<u>\$ 2,700,491</u>	<u>\$ 425,299</u>	<u>\$ 894,920</u>

Special Revenue Funds (Continued)

	Air Quality Improvement	County Grants	State Grants
ASSETS			
Cash and investments	\$ 7,146	\$ 9,819	\$ 829,439
Accounts receivable	-	-	-
Taxes receivable	20,342	-	349,568
Interest receivable	-	-	-
Long-term receivables	40	-	48
	-	-	-
Total assets	\$ 27,528	\$ 9,819	\$ 1,179,055
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	32,509
Deferred revenue	-	-	-
	-	-	-
Total liabilities	-	-	32,509
 Fund balances (deficits)			
Reserved	-	-	-
Unreserved reported in:			
Special revenue funds	27,528	9,819	1,146,546
Capital projects funds	-	-	-
	-	-	-
Total fund balances (deficits)	27,528	9,819	1,146,546
Total liabilities and fund balances	\$ 27,528	\$ 9,819	\$ 1,179,055

City of Pico Rivera
Combining Balance Sheet
Other Special Revenue Funds (Continued)
June 30, 2010

Special Revenue Funds (Continued)				
Urban Park and Recreation Recovery Program	Economic Development Assistance Grant	Prop 12 Park	State Relinquishment	
\$ -	\$ 2,753,149	\$ -	\$ -	-
-	-	-	-	-
-	253,612	-	-	-
-	-	-	-	-
-	3,263	-	-	-
-	-	-	-	-
\$ -	\$ 3,010,024	\$ -	\$ -	
\$ -	\$ 3,010,024	\$ -	\$ -	
\$ -	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	253,612	-	-	-
-	253,612	-	-	
-	-	-	-	-
-	2,756,412	-	-	-
-	-	-	-	-
-	2,756,412	-	-	
\$ -	\$ 3,010,024	\$ -	\$ -	

	<u>Special Revenue Funds (Continued)</u>	
	<u>Federal</u>	<u>Intermodal</u>
	<u>ARRA Grant</u>	<u>Surface</u>
		<u>Transportation</u>
		<u>Efficiency Act</u>
ASSETS		
Cash and investments	\$ -	\$ -
Cash and investments with fiscal agent	-	-
Accounts receivable	4,167	-
Taxes receivable	-	-
Interest receivable	-	-
Long-term receivables	-	-
	<hr/>	<hr/>
Total assets	\$ 4,167	\$ -
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -	\$ -
Accrued liabilities	-	-
Due to other funds	4,167	-
Deferred revenue	-	-
	<hr/>	<hr/>
Total liabilities	4,167	-
	<hr/>	<hr/>
Fund balances (deficits)		
Reserved	-	-
Unreserved reported in:		
Special revenue funds	-	-
Capital projects funds	-	-
	<hr/>	<hr/>
Total fund balances (deficits)	-	-
	<hr/>	<hr/>
Total liabilities and fund balances	\$ 4,167	\$ -
	<hr/> <hr/>	<hr/> <hr/>

**City of Pico Rivera
Combining Balance Sheet
Other Special Revenue Funds (Continued)
June 30, 2010**

Special Revenue Funds (Continued)				
State Park	Image Enhancement	Reach Grants	Miscellaneous Grant	Total Special Revenue Funds
\$ -	\$ 2,980,495	\$ 520,567	\$ -	\$ 11,963,845
-	-	-	-	-
-	-	96,158	24,209	1,116,610
-	-	-	-	158,472
-	3,516	735	-	712,099
-	-	-	-	5,154,230
<u>\$ -</u>	<u>\$ 2,984,011</u>	<u>\$ 617,460</u>	<u>\$ 24,209</u>	<u>\$ 19,105,256</u>
\$ -	\$ -	\$ 50,626	\$ -	\$ 558,574
-	-	12,141	-	28,328
-	-	-	24,209	381,346
-	-	-	-	6,047,184
<u>-</u>	<u>-</u>	<u>62,767</u>	<u>24,209</u>	<u>7,015,432</u>
-	-	-	-	-
-	2,984,011	554,693	-	12,089,824
-	-	-	-	-
<u>-</u>	<u>2,984,011</u>	<u>554,693</u>	<u>-</u>	<u>12,089,824</u>
<u>\$ -</u>	<u>\$ 2,984,011</u>	<u>\$ 617,460</u>	<u>\$ 24,209</u>	<u>\$ 19,105,256</u>

	Special Revenue Funds		
	Community Development Block Grant	Equipment Replacement	State Gas Tax
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes and assessments	-	-	-
Intergovernmental	\$ 1,707,601	\$ -	\$ 1,082,583
Charges for services	-	-	-
Investment and rental	90,515	2,827	-
Miscellaneous	43,575	-	-
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>1,841,691</u>	<u>2,827</u>	<u>1,082,583</u>
Expenditures			
Current:			
Public works	-	-	-
Parks and recreation	-	-	-
Health and welfare	-	-	-
Community development	1,690,090	-	-
Capital outlay	-	25,814	-
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>1,690,090</u>	<u>25,814</u>	<u>-</u>
Excess (deficiency) of revenues over over expenditures	<u>151,601</u>	<u>(22,987)</u>	<u>1,082,583</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(258,717)	-	(1,082,583)
	<u> </u>	<u> </u>	<u> </u>
Net other financing sources (uses)	<u>(258,717)</u>	<u>-</u>	<u>(1,082,583)</u>
Net change in fund balance	(107,116)	(22,987)	-
Fund balances (deficits) - beginning of year	675,618	507,027	-
Fund balances (deficits) - end of year	<u>\$ 568,502</u>	<u>\$ 484,040</u>	<u>\$ -</u>

City of Pico Rivera
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds
Year ended June 30, 2010

Special Revenue Funds (Continued)

Lighting Assessment District	Federal STPL 5351	Park Development	Prop A	Prop C	Measure R	CALHOME Grant
1,230,536	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ 850,729	\$ 705,716	\$ 424,613	\$ -
-	-	-	-	-	-	-
-	-	188	4,637	14,342	686	3,301
-	-	-	116,422	339,873	-	-
<u>1,230,536</u>	<u>-</u>	<u>188</u>	<u>971,788</u>	<u>1,059,931</u>	<u>425,299</u>	<u>3,301</u>
657,396	-	-	1,047,877	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>657,396</u>	<u>-</u>	<u>-</u>	<u>1,047,877</u>	<u>-</u>	<u>-</u>	<u>-</u>
573,140	-	188	(76,089)	1,059,931	425,299	3,301
-	-	-	-	-	-	-
<u>(789,200)</u>	<u>-</u>	<u>-</u>	<u>(173,089)</u>	<u>(459,725)</u>	<u>-</u>	<u>-</u>
<u>(789,200)</u>	<u>-</u>	<u>-</u>	<u>(173,089)</u>	<u>(459,725)</u>	<u>-</u>	<u>-</u>
(216,060)	-	188	(249,178)	600,206	425,299	3,301
54,071	-	32,827	704,489	2,100,285	-	102,845
<u>\$ (161,989)</u>	<u>\$ -</u>	<u>\$ 33,015</u>	<u>\$ 455,311</u>	<u>\$ 2,700,491</u>	<u>\$ 425,299</u>	<u>\$ 106,146</u>

		<u>Special Revenue Funds (Continued)</u>	
		Air Quality Improvement	County Grants
		<u> </u>	<u> </u>
Revenues			
Taxes and assessments		\$ -	\$ -
Intergovernmental		77,752	-
Charges for services		-	-
Investment and rental		98	-
Miscellaneous		-	-
		<u> </u>	<u> </u>
	Total revenues	<u>77,850</u>	<u>-</u>
Expenditures			
Current:			
Public works		-	-
Parks and recreation		-	-
Health and welfare		-	-
Community development		-	-
Capital outlay		-	-
		<u> </u>	<u> </u>
	Total expenditures	<u>-</u>	<u>-</u>
	Excess (deficiency) of revenues over expenditures	<u>77,850</u>	<u>-</u>
Other financing sources (uses)			
Transfers in		-	-
Transfers out		(50,322)	-
		<u> </u>	<u> </u>
	Net other financing sources (uses)	<u>(50,322)</u>	<u>-</u>
	Net change in fund balance	27,528	-
	Fund balances (deficits) - beginning of year	-	9,819
	Fund balances (deficits) - end of year	<u>\$ 27,528</u>	<u>\$ 9,819</u>

City of Pico Rivera
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds (Continued)
Year ended June 30, 2010

Special Revenue Funds (Continued)				
State Grants	Urban Park and Recreation Recovery Program	Economic Development Assistance Grant	Prop 12 Park	State Relinquishment
\$ -	\$ -	\$ -	\$ -	\$ -
3,457,707	-	-	-	-
-	-	-	-	-
21,984	-	15,959	-	-
-	-	-	-	-
3,479,691	-	15,959	-	-
-	-	-	-	-
10,022	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,022	-	-	-	-
-	-	-	-	-
3,469,669	-	15,959	-	-
-	-	-	-	-
(3,441,437)	-	(167,500)	-	-
(3,441,437)	-	(167,500)	-	-
28,232	-	(151,541)	-	-
1,118,314	-	2,907,953	-	-
\$ 1,146,546	\$ -	\$ 2,756,412	\$ -	\$ -

		<u>Special Revenue Funds (Continued)</u>	
		Federal ARRA Grant	Intermodal Surface Transportation Efficiency Act
Revenues			
Taxes and assessments		-	-
Intergovernmental		383,483	-
Charges for services		-	-
Investment and rental		-	-
Miscellaneous		-	-
	Total revenues	<u>383,483</u>	<u>-</u>
Expenditures			
Current:			
Public works		-	-
Parks and recreation		-	-
Health and welfare		-	-
Community development		-	-
Capital outlay		-	-
	Total expenditures	<u>-</u>	<u>-</u>
	Excess (deficiency) of revenues over expenditures	<u>383,483</u>	<u>-</u>
Other financing sources (uses)			
Transfers in		-	-
Transfers out		(383,483)	-
	Net other financing sources (uses)	<u>(383,483)</u>	<u>-</u>
	Net change in fund balance	-	-
	Fund balances (deficits) - beginning of year	-	-
	Fund balances (deficits) - end of year	<u>\$ -</u>	<u>\$ -</u>

City of Pico Rivera
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds (Continued)
Year ended June 30, 2010

Special Revenue Funds (Continued)				
State Park	Image Enhancement	Reach Grants	Miscellaneous Grant	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,230,536
-	-	729,667	197,086	9,616,937
-	54,253	-	-	54,253
-	16,610	3,947	-	175,094
-	-	-	-	499,870
-	70,863	733,614	197,086	11,576,690
-	-	-	-	1,705,273
-	-	951,136	-	951,136
-	-	-	-	10,022
-	-	-	-	1,690,090
-	-	-	-	25,814
-	-	951,136	-	4,382,335
-	70,863	(217,522)	197,086	7,194,355
-	-	-	-	-
-	-	(47,806)	(197,086)	(7,050,948)
-	-	(47,806)	(197,086)	(7,050,948)
-	70,863	(265,328)	-	143,407
-	2,913,148	820,021	-	11,946,417
\$ -	\$ 2,984,011	\$ 554,693	\$ -	\$ 12,089,824

**City of Pico Rivera
Combining Balance Sheet
Other Capital Project Funds
June 30, 2010**

	Flossmoor Road Sewer Assessment District	Paramount/Mines Landscape Maintenance Assessment	Total Capital Projects Funds
ASSETS			
Cash and investments	\$ 3,338	\$ 9,578	\$ 12,916
Cash and investments with fiscal agent	-	-	-
Accounts receivable	-	-	-
Taxes receivable	-	260	260
Interest receivable	4	11	15
Long-term receivables	-	-	-
	-	-	-
Total assets	\$ 3,342	\$ 9,849	\$ 13,191
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
	-	-	-
Total liabilities	-	-	-
 Fund balances (deficits)			
Reserved	-	-	-
Unreserved reported in:			
Special revenue funds	-	-	-
Capital projects funds	3,342	9,849	13,191
	3,342	9,849	13,191
Total fund balances (deficits)	3,342	9,849	13,191
Total liabilities and fund balances	\$ 3,342	\$ 9,849	\$ 13,191

City of Pico Rivera
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Capital Project Funds
Year ended June 30, 2010

	Flossmoor Road Sewer Assessment District	Paramount/Mines Landscape Maintenance Assessment	Total Capital Projects Funds
Revenues			
Taxes and assessments	\$ -	\$ 9,829	\$ 9,829
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment and rental	20	20	40
Miscellaneous	-	-	-
	<u>20</u>	<u>9,849</u>	<u>9,869</u>
Total revenues			
	<u>20</u>	<u>9,849</u>	<u>9,869</u>
Expenditures			
Current:			
Public works	-	-	-
Parks and recreation	-	-	-
Health and welfare	-	-	-
Community development	-	-	-
Capital outlay	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>20</u>	<u>9,849</u>	<u>9,869</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)			
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	20	9,849	9,869
Fund balances (deficits) - beginning of year	3,322	-	3,322
Fund balances (deficits) - end of year	<u>\$ 3,342</u>	<u>\$ 9,849</u>	<u>\$ 13,191</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Community Development Block Grant Special Revenue Fund
Year ended June 30, 2010

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 2,542,350	\$ 1,707,601	\$ (834,749)
Investment and rental	37,000	90,515	53,515
Miscellaneous	-	43,575	43,575
	<u>2,579,350</u>	<u>1,841,691</u>	<u>(737,659)</u>
Total revenues			
Expenditures			
Current:			
Community development	<u>2,416,151</u>	<u>1,690,090</u>	<u>726,061</u>
Excess (deficiency) of revenues over expenditures	<u>163,199</u>	<u>151,601</u>	<u>(11,598)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	<u>(259,148)</u>	<u>(258,717)</u>	<u>431</u>
Net other financing sources (uses)	<u>(259,148)</u>	<u>(258,717)</u>	<u>431</u>
Net change in fund balance	(95,949)	(107,116)	(11,167)
Fund balance - beginning of year	675,618	675,618	-
Fund balance - end of year	<u>\$ 579,669</u>	<u>\$ 568,502</u>	<u>\$ (11,167)</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Equipment Replacement Special Revenue Fund
Year ended June 30, 2010

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment and rental	\$ 7,500	\$ 2,827	\$ (4,673)
Expenditures			
Current:			
General government	-	-	-
Capital outlay	<u>88,386</u>	<u>25,814</u>	<u>62,572</u>
Excess (deficiency) of revenues over expenditures	(80,886)	(22,987)	57,899
Other financing sources (uses)			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(80,886)	(22,987)	57,899
Fund balance - beginning of year	507,027	507,027	-
Fund balance - end of year	<u>\$ 426,141</u>	<u>\$ 484,040</u>	<u>\$ 57,899</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
State Gas Tax Special Revenue Fund
Year ended June 30, 2010

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 1,183,194	\$ 1,082,583	\$ (100,611)
Total revenues	1,183,194	1,082,583	(100,611)
Expenditures			
Transfers out	<u>(1,052,858)</u>	<u>(1,082,583)</u>	<u>(29,725)</u>
Net change in fund balance	130,336	-	(130,336)
Fund balance - beginning of year	-	-	-
Fund balance - end of year	<u>\$ 130,336</u>	<u>\$ -</u>	<u>\$ (130,336)</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Lighting Assessment District Special Revenue Fund
Year ended June 30, 2010

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes and assessments	\$ 1,264,500	\$ 1,230,536	\$ (33,964)
Investment and rental	-	-	-
	<u>1,264,500</u>	<u>1,230,536</u>	<u>(33,964)</u>
Total revenues	1,264,500	1,230,536	(33,964)
Expenditures			
Current:			
Public works	<u>703,884</u>	<u>657,396</u>	<u>46,488</u>
Excess (deficiency) of revenues over expenditures	560,616	573,140	12,524
Other financing sources (uses)			
Transfers out	<u>(789,200)</u>	<u>(789,200)</u>	<u>-</u>
Net change in fund balance	(228,584)	(216,060)	12,524
Fund balance - beginning of year	54,071	54,071	-
Fund balance - end of year	<u>\$ (174,513)</u>	<u>\$ (161,989)</u>	<u>\$ 12,524</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Park Development Special Revenue Fund
Year ended June 30, 2010

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Investment and rental	\$ 635	\$ 188	\$ (447)
Fund balance - beginning of year	<u>32,827</u>	<u>32,827</u>	<u>-</u>
Fund balance - end of year	<u>\$ 33,462</u>	<u>\$ 33,015</u>	<u>\$ (447)</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Prop A Special Revenue Fund
Year ended June 30, 2010

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$ 1,149,900	\$ 850,729	\$ (299,171)
Investment and rental	20,000	4,637	(15,363)
Miscellaneous	14,000	116,422	102,422
Total revenues	1,183,900	971,788	(212,112)
Expenditures			
Current:			
Public works	1,000,454	1,047,877	(47,423)
Excess (deficiency) of revenues over expenditures	183,446	(76,089)	(259,535)
Other financing sources (uses)			
Transfers out	(224,000)	(173,089)	50,911
Net change in fund balance	(40,554)	(249,178)	(208,624)
Fund balance - beginning of year	704,489	704,489	-
Fund balance - end of year	\$ 663,935	\$ 455,311	\$ (208,624)

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Prop C Special Revenue Fund
Year ended June 30, 2010

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 847,400	\$ 705,716	\$ (141,684)
Investment and rental	100,000	14,342	(85,658)
Miscellaneous	-	339,873	339,873
	<u>947,400</u>	<u>1,059,931</u>	<u>(227,342)</u>
Total revenues			
Expenditures			
Current:			
Public works	<u>(48,502)</u>	<u>(339,873)</u>	<u>291,371</u>
	<u>995,902</u>	<u>1,059,931</u>	<u>64,029</u>
Excess (deficiency) of revenues over expenditures			
	995,902	1,059,931	64,029
Other financing sources (uses)			
Transfers out	<u>(3,746,406)</u>	<u>(459,725)</u>	<u>(3,286,681)</u>
	<u>(2,750,504)</u>	<u>600,206</u>	<u>(3,222,652)</u>
Net change in fund balance			
	(2,750,504)	600,206	(3,222,652)
Fund balance - beginning of year	<u>2,100,285</u>	<u>2,100,285</u>	<u>-</u>
Fund balance - end of year	<u>\$ (650,219)</u>	<u>\$ 2,700,491</u>	<u>\$ (3,222,652)</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Measure R Special Revenue Fund
Year ended June 30, 2010

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for services	\$ -	\$ -	\$ -
Intergovernmental	-	424,613	424,613
Investment and rental	-	686	686
	<u>-</u>	<u>425,299</u>	<u>425,299</u>
Total revenues	-	425,299	425,299
Expenditures			
Current:			
Public works	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	425,299	425,299
Other financing sources (uses)			
Transfers in	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	425,299	425,299
Fund balance - beginning of year	-	-	-
Fund balance - end of year	\$ -	\$ 425,299	\$ 425,299

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
CalHOME Grant Special Revenue Fund
Year ended June 30, 2010

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$ -	\$ -	\$ -
Investment and rental		3,301	3,301
Miscellaneous	1,200	-	(1,200)
Total revenues	1,200	3,301	2,101
Expenditures			
Current:			
Community development	-	-	-
Excess (deficiency) of revenues over expenditures	1,200	3,301	2,101
Fund balance - beginning of year	102,845	102,845	-
Fund balance - end of year	\$ 104,045	\$ 106,146	\$ 2,101

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Air Quality Improvement Special Revenue Fund
Year ended June 30, 2010

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 80,000	\$ 77,752	\$ (2,248)
Investment and rental	116	98	(18)
	<u>80,116</u>	<u>77,850</u>	<u>(2,266)</u>
Total revenues	80,116	77,850	(2,266)
Expenditures			
Current:			
Community development	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	80,116	77,850	(2,266)
Other financing sources (uses)			
Transfers out	<u>(78,100)</u>	<u>(50,322)</u>	<u>27,778</u>
Net change in fund balance	2,016	27,528	25,512
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,016</u>	<u>\$ 27,528</u>	<u>\$ 25,512</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
State Grants Special Revenue Fund
Year ended June 30, 2010

	Original	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 14,559,570	\$ 30,272,695	\$ 3,457,707	\$ (26,814,988)
Investment and rental	-	875.00	21,984	21,109
Total revenues	<u>14,559,570</u>	<u>30,273,570</u>	<u>3,479,691</u>	<u>(26,793,879)</u>
Expenditures				
Current:				
Health and welfare	<u>40,000</u>	<u>40,000</u>	<u>10,022</u>	<u>29,978</u>
Excess of revenues over (under) expenditures	14,519,570	30,233,570	3,469,669	(26,763,901)
Other financing use:				
Transfers out	<u>(21,916,281)</u>	<u>(23,201,332)</u>	<u>(3,441,437)</u>	<u>19,759,895</u>
Net change in fund balance	(7,396,711)	7,032,238	28,232	(7,004,006)
Fund balance - beginning of year	<u>1,118,314</u>	<u>1,118,314</u>	<u>1,118,314</u>	<u>-</u>
Fund balance - end of of year	<u>\$ (6,278,397)</u>	<u>\$ 8,150,552</u>	<u>\$ 1,146,546</u>	<u>\$ (7,004,006)</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
County Grants Special Revenue Fund
Year ended June 30, 2010

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ -	\$ -	\$ -
Expenditures			
Current:			
Health and welfare	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance - beginning of year	9,819	9,819	-
Fund balance - end of year	<u>\$ 9,819</u>	<u>\$ 9,819</u>	<u>\$ -</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Economic Development Assistance Grant Special Revenue Fund
Year ended June 30, 2010

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment and rental	\$ 120,000	\$ 15,959	\$ (104,041)
Expenditures			
Current:			
Community development	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	120,000	15,959	(104,041)
Other financing sources (uses)			
Transfers in		-	
Transfers out	<u>(167,500)</u>	<u>(167,500)</u>	<u>-</u>
Net change in fund balance	(47,500)	(151,541)	(104,041)
Fund balance - beginning of year	<u>2,907,953</u>	<u>2,907,953</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,860,453</u>	<u>\$ 2,756,412</u>	<u>\$ (104,041)</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Image Enhancement Special Revenue Fund
Year ended June 30, 2010

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Charges for services	\$ 48,737	\$ 54,253	\$ 5,516
Investment and rental	57,711	16,610	(41,101)
	<u>106,448</u>	<u>70,863</u>	<u>(35,585)</u>
Total revenues	106,448	70,863	(35,585)
Expenditures			
Current:			
General government	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	106,448	70,863	(35,585)
Other financing sources (uses)			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	106,448	70,863	(35,585)
Fund balance - beginning of year	<u>2,913,148</u>	<u>2,913,148</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,019,596</u>	<u>\$ 2,984,011</u>	<u>\$ (35,585)</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Reach Grants Special Revenue Fund
Year ended June 30, 2010

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$ 1,100,000	\$ 729,667	\$ (370,333)
Investment and rental	10,000	3,947	(6,053)
Total revenues	<u>1,110,000</u>	<u>733,614</u>	<u>(376,386)</u>
Expenditures			
Current:			
Parks and recreation	1,043,847	951,136	92,710
Capital outlay	-	-	-
Total expenditures	<u>1,043,847</u>	<u>951,136</u>	<u>92,710</u>
Excess (deficiency) of revenues over expenditures	66,153	(217,522)	(283,676)
Other financing sources (uses)			
Transfers out	-	(47,806)	(47,806)
Net change in fund balance	66,153	(265,328)	(331,482)
Fund balance - beginning of year	820,021	820,021	-
Fund balance - end of year	<u>\$ 886,174</u>	<u>\$ 554,693</u>	<u>\$ (331,482)</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Miscellaneous Grant Special Revenue Fund
Year ended June 30, 2010

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 607,402	\$ 197,086	\$ (410,316)
Investment and rental	-	-	-
	<u>607,402</u>	<u>197,086</u>	<u>(410,316)</u>
Total revenues			
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	<u>(280,280)</u>	<u>(197,086)</u>	<u>83,194</u>
Net change in fund balance	327,122	-	(327,122)
Fund balance - beginning of year	-	-	-
Fund balance - end of year	<u>\$ 327,122</u>	<u>\$ -</u>	<u>\$ (327,122)</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Flossmoor Road Sewer Assessment District Capital Projects Fund
Year ended June 30, 2010

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes and assessments	\$ -	\$ -	\$ -
Investment and rental	-	20	20
Fund balance - beginning of year	<u>3,322</u>	<u>3,322</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,322</u>	<u>\$ 3,342</u>	<u>\$ 20</u>

City of Pico Rivera
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Paramount/Mines Landscape Maintenance Assessment Capital Projects Fund
Year ended June 30, 2010

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes and assessments	\$ -	\$ 9,829	\$ 9,829
Investment income		20	
Total revenues	-	9,849	9,829
 Expenditures			
Current:			
Public works	-	-	-
 Excess (deficiency) of revenues over expenditures	-	9,849	9,829
 Other financing sources (uses)			
Transfers in	-	-	-
 Fund balance - beginning of year	-	-	-
Fund balance - end of year	-	\$ 9,849	\$ 9,829

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 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, 2010

	<u>Sports Arena</u>	<u>Campground</u>	<u>Golf Course</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and investments	\$ 386,141	\$ -	\$ 1,400	\$ 387,541
Receivables, net:				
Interest	435	-	-	435
Inventories, at cost	-	-	20,166	20,166
	<u>386,576</u>	<u>-</u>	<u>21,566</u>	<u>408,142</u>
Total current assets				
Noncurrent assets				
Capital assets, not depreciated	3,368	-	38,945	42,313
Capital assets, depreciated, net	901,108	-	382,549	1,283,657
	<u>904,476</u>	<u>-</u>	<u>421,494</u>	<u>1,325,970</u>
Total noncurrent assets				
Total assets	<u>1,291,052</u>	<u>-</u>	<u>443,060</u>	<u>1,734,112</u>
LIABILITIES				
Current liabilities				
Accounts payable	10	-	30,028	30,038
Accrued liabilities	-	-	26,792	26,792
Due to other funds	-	-	2,304,081	2,304,081
	<u>10</u>	<u>-</u>	<u>2,360,901</u>	<u>2,360,911</u>
Total current liabilities				
Noncurrent liabilities				
Advances from other funds	1,229,225	-	490,375	1,719,600
Compensated absences	-	-	54,265	54,265
	<u>1,229,225</u>	<u>-</u>	<u>544,640</u>	<u>1,773,865</u>
Total noncurrent liabilities				
Total liabilities	<u>1,229,235</u>	<u>-</u>	<u>2,905,541</u>	<u>4,134,776</u>
NET ASSETS				
Invested in capital assets	904,476	-	421,494	1,325,970
Unrestricted	(842,659)	-	(2,883,975)	(3,726,634)
	<u>61,817</u>	<u>-</u>	<u>(2,462,481)</u>	<u>(2,400,664)</u>
Total net assets (deficits)	<u>\$ 61,817</u>	<u>\$ -</u>	<u>\$ (2,462,481)</u>	<u>\$ (2,400,664)</u>

City of Pico Rivera
Combining Statement of Revenues, Expenses and Changes in Net Assets
Other Enterprise Funds
Year ended June 30, 2010

	Sports Arena	Campground	Golf Course	Total
Operating revenues				
Charges for services	\$ 225,000	\$ -	\$ 838,497	\$ 1,063,497
Operating expenses				
Salaries and benefits	96,061	-	498,009	594,070
Contractual services	-	-	53,851	53,851
Administrative	14,491	-	124,030	138,521
Utilities	927	-	141,831	142,758
Maintenance and supplies	32,328	-	109,202	141,530
Depreciation	78,673	-	38,225	116,898
Total operating expenses	<u>222,480</u>	<u>-</u>	<u>965,148</u>	<u>1,187,628</u>
Operating income (loss)	<u>2,520</u>	<u>-</u>	<u>(126,651)</u>	<u>(124,131)</u>
Nonoperating revenues (expenses)				
Investment income	2,196	-	1,808	4,004
Gain on sale of assets	-	-	4,696	4,696
Interest expense	(10,800)	-	(22,140)	(32,940)
Net nonoperating revenues (expenses)	<u>(8,604)</u>	<u>-</u>	<u>(15,636)</u>	<u>(24,240)</u>
Income (loss) before transfers	(6,084)	-	(142,287)	(148,371)
Transfers in	-	-	-	-
Transfers out	(11,039)	-	(150,000)	(161,039)
Change in net assets	(17,123)	-	(292,287)	(309,410)
Total net assets (deficits) - beginning of year	78,940	-	(2,170,194)	(2,091,254)
Total net assets (deficits) - end of year	<u>\$ 61,817</u>	<u>\$ -</u>	<u>\$ (2,462,481)</u>	<u>\$ (2,400,664)</u>

City of Pico Rivera
Combining Statement of Cash Flows
Other Enterprise Funds
Year ended June 30, 2010

	Sports Arena	Campground	Golf Course	Total
Cash flows from operating activities				
Receipts from customers and users	\$ 225,000	\$ -	\$ 838,497	\$ 1,063,497
Payments to suppliers	(81,249)	-	(443,907)	(525,156)
Payments to employees	(96,061)	-	(483,449)	(579,510)
Net cash provided (used) by operating activities	<u>47,690</u>	<u>-</u>	<u>(88,859)</u>	<u>(41,169)</u>
Cash flows from noncapital financing activities				
Received from other funds	-	-	-	-
Paid to other funds	(11,039)	-	(419,360)	(430,399)
Net cash used by noncapital financing activities	<u>(11,039)</u>	<u>-</u>	<u>(419,360)</u>	<u>(430,399)</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	-	-	(34,714)	(34,714)
Sale of capital assets	-	-	4,696	4,696
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(30,018)</u>	<u>(30,018)</u>
Cash flows from investing activities				
Interest received	2,542	-	1,808	4,350
Net increase (decrease) in cash and cash equivalents	<u>39,193</u>	<u>-</u>	<u>(536,429)</u>	<u>(497,236)</u>
Cash and cash equivalents - beginning of year	<u>346,948</u>	<u>-</u>	<u>537,829</u>	<u>884,777</u>
Cash and cash equivalents - end of year	<u>\$ 386,141</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ 387,541</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 2,520	\$ -	\$ (126,651)	\$ (124,131)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	78,673	-	38,225	116,898
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivables	-	-	-	-
(Increase) decrease in deposits	-	-	-	-
(Increase) decrease in inventories	-	-	(2,285)	(2,285)
Increase (decrease) in accounts payable	(32,240)	-	(5,039)	(37,279)
Increase (decrease) in accrued liabilities	(1,263)	-	(7,669)	(8,932)
Increase (decrease) in compensated absences	-	-	14,560	14,560
Total adjustments	<u>45,170</u>	<u>-</u>	<u>37,792</u>	<u>82,962</u>
Net cash provided (used) by operating activities	<u>\$ 47,690</u>	<u>\$ -</u>	<u>\$ (88,859)</u>	<u>\$ (41,169)</u>
Noncash investing and financing activities:				
Changes in advances related to accrued interest	<u>\$ 10,800</u>	<u>\$ -</u>	<u>\$ 22,140</u>	<u>\$ 32,940</u>

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 Changes in Assets and Liabilities
Year ended June 30, 2010

	Assessment District 95-1 Improvement Agency Fund			
	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS				
Cash and investments	\$ 32,704	\$ 50,194	\$ 41,113	\$ 41,785
Taxes receivable	-	294	-	294
Interest receivable	94		47	47
	Total assets	\$ 50,488	\$ 41,160	\$ 42,126
LIABILITIES				
Due to bondholders	\$ 32,798	\$ 50,488	\$ 41,160	\$ 42,126



This part of the City of Pico Rivera's (City) Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, notes to financial statements, and required supplementary information say about the City's overall financial health.

Contents	Page
<p>Financial Trends These tables contain trend information that may assist the reader in the City's current financial performance by placing it in historical perspective.</p>	118-122
<p>Revenue Capacity These tables contain information that may help in assessing the viability of the City's most significant revenue sources - property taxes, transient occupancy tax (TOT), and sales tax.</p>	123-128
<p>Debt Capacity These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</p>	129-133
<p>Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	134-135
<p>Operating Information These tables contain service and infrastructure indicators that may inform one's understanding on how the information in the City's financial statements relate to the services that the City provides and the activities it performs.</p>	136-138

City of Pico Rivera
Net Assets by Component
Last Eight Fiscal Years

	Fiscal Year							
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Governmental Activities:								
Invested in capital assets, net of related debt	\$ 208,640,112	\$ 210,019,109	\$ 191,767,030	\$ 190,686,455	\$ 34,740,084	\$ 32,697,038	\$ 31,111,506	\$ 23,281,853
Restricted	38,379,173	16,582,070	12,009,671	13,724,579	12,304,490	11,439,231	11,708,700	331,559
Unrestricted	(60,689,563)	(56,761,367)	(52,353,854)	(53,182,715)	(56,778,135)	(60,638,614)	(57,874,288)	(48,407,259)
Total governmental activities net assets	<u>186,329,722</u>	<u>169,839,812</u>	<u>151,422,847</u>	<u>151,228,319</u>	<u>(9,733,561)</u>	<u>(16,502,345)</u>	<u>(15,054,082)</u>	<u>(24,793,847)</u>
Business-type Activities:								
Invested in capital assets, net of related debt	7,966,471	7,549,112	7,549,112	26,299,345	26,990,694	27,994,096	27,034,162	6,124,587
Restricted	-	-	-	3,991,884	4,171,209	4,449,323	4,532,993	5,193,887
Unrestricted	(2,377,721)	18,011,715	20,172,694	(1,035,453)	(1,127,575)	(2,272,766)	(1,160,828)	19,642,364
Total business-type activities net assets	<u>5,588,750</u>	<u>25,560,827</u>	<u>27,721,806</u>	<u>29,255,776</u>	<u>30,034,328</u>	<u>30,170,653</u>	<u>30,406,327</u>	<u>30,960,838</u>
Primary Government:								
Invested in capital assets, net of related debt	216,606,583	217,568,221	199,316,142	216,985,800	61,730,778	60,691,134	58,145,668	29,406,440
Restricted	38,379,173	16,582,070	12,009,671	17,716,463	16,475,699	15,888,554	16,241,693	5,525,446
Unrestricted	(63,067,284)	(38,749,652)	(32,181,160)	(54,218,168)	(57,905,710)	(62,911,380)	(59,035,116)	(28,764,895)
Total primary government net assets	<u>\$ 191,918,472</u>	<u>\$ 195,400,639</u>	<u>\$ 179,144,653</u>	<u>\$ 180,484,095</u>	<u>\$ 20,300,767</u>	<u>\$ 13,668,308</u>	<u>\$ 15,352,245</u>	<u>\$ 6,166,991</u>

Notes:

- (1) Accounting standards require that net assets be reported in three components in the financial statements: investment in capital assets, net of related debt, restricted, and unrestricted.
Net assets are considered restricted only when -
 - (a) an external party, such as the State of California or the federal government, places a restriction on how the revenues may be used, or
 - (b) enabling legislation is enacted by the City.
- (2) The City of Pico Rivera implemented GASB 34 reporting module in Fiscal Year 2002-2003. Information prior to implementation of GASB 34 is not available.

**City of Pico Rivera
Change in Net Assets
Last Eight Fiscal Years**

	Fiscal Year							
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Expenses:								
Governmental Activities:								
General government	\$ 9,087,368	\$ 8,300,976	\$ 8,519,371	\$ 8,250,292	\$ 9,895,699	\$ 11,428,626	\$ 9,080,334	\$ 10,543,667
Public safety	11,789,557	11,500,096	10,271,958	9,103,656	8,116,757	7,623,674	7,152,034	6,406,252
Public works	12,773,969	11,253,226	12,264,878	7,406,992	6,847,821	6,126,234	5,555,980	4,504,378
Parks and recreation	4,827,825	6,392,928	5,175,945	5,203,123	3,940,046	4,981,564	5,385,664	5,125,458
Health and welfare	6,204,855	5,782,085	5,176,082	4,747,082	4,742,546	4,579,545	4,777,727	3,712,452
Community development	9,520,485	7,628,250	6,115,717	5,633,839	6,051,055	7,558,819	6,364,158	7,157,548
Pass through to other agencies	-	-	-	-	-	-	-	2,425,495
Loss on land held for resale	-	-	-	-	-	-	-	1,215,653
Interest	5,442,996	4,150,720	3,757,970	3,814,579	2,875,836	3,309,305	3,125,937	2,018,029
Total governmental activities net expenses	<u>\$ 59,647,055</u>	<u>\$ 55,008,281</u>	<u>\$ 51,281,921</u>	<u>\$ 44,159,563</u>	<u>\$ 42,469,760</u>	<u>\$ 45,607,767</u>	<u>\$ 41,441,834</u>	<u>\$ 43,108,932</u>
Business-type Activities:								
Water	8,384,403	8,350,672	8,752,874	7,903,437	7,812,309	7,737,301	7,200,856	7,496,928
Nonmajor enterprise funds	1,220,568	1,244,232	1,165,348	1,797,450	1,106,174	890,052	1,122,230	1,019,557
Total business-type activities net assets	<u>9,604,971</u>	<u>9,594,904</u>	<u>9,918,222</u>	<u>9,700,887</u>	<u>8,918,483</u>	<u>8,627,353</u>	<u>8,323,086</u>	<u>8,516,485</u>
Total primary government expenses	<u>\$ 69,252,026</u>	<u>\$ 64,603,185</u>	<u>\$ 61,200,143</u>	<u>\$ 53,860,450</u>	<u>\$ 51,388,243</u>	<u>\$ 54,235,120</u>	<u>\$ 49,764,920</u>	<u>\$ 51,625,417</u>
Program Revenues:								
Governmental Activities:								
Charges for services:								
General government	\$ 651,638	\$ 378,258	\$ 463,454	\$ 547,418	\$ 500,226	\$ 701,685	\$ 1,459,634	\$ 2,106,145
Public safety	1,903,379	1,677,312	1,084,164	872,327	902,834	1,087,334	557,425	808,960
Public works	1,395,780	1,481,482	1,360,238	1,269,513	1,258,618	1,066,636	1,311,022	561,969
Parks and recreation	174,904	145,290	794,636	972,759	707,524	675,995	765,740	897,276
Health and welfare	453,691	498,341	511,812	516,313	476,841	147,329	148,796	1,931
Community development	504,849	442,497	818,959	1,189,941	1,053,680	891,960	1,185,597	1,039,630
Operating contributions and grants	13,503,809	15,843,154	14,292,679	14,815,016	12,315,594	11,065,958	16,606,780	13,971,212
Capital contributions and grants	2,721,543	16,790,897	630	533,290	2,874,000	182,808	5,948,509	6,781,111
Total governmental activities program revenues	<u>21,309,593</u>	<u>37,257,231</u>	<u>19,326,572</u>	<u>20,716,577</u>	<u>20,089,317</u>	<u>15,819,705</u>	<u>27,983,503</u>	<u>26,168,234</u>
Business-type Activities:								
Charges for services:								
Water utility	5,647,751	5,338,217	5,323,829	5,470,193	5,059,106	5,294,063	5,139,698	5,019,018
Nonmajor enterprise funds	1,063,497	1,103,241	906,771	930,271	934,726	897,992	918,394	932,622
Capital contributions and grants	-	-	-	-	-	-	-	68,000
Total business-type activities program revenues	<u>6,711,248</u>	<u>6,441,458</u>	<u>6,230,600</u>	<u>6,400,464</u>	<u>5,993,832</u>	<u>6,192,055</u>	<u>6,058,092</u>	<u>6,019,640</u>
Primary government program revenues	<u>\$ 28,020,841</u>	<u>\$ 43,698,689</u>	<u>\$ 25,557,172</u>	<u>\$ 27,117,041</u>	<u>\$ 26,083,149</u>	<u>\$ 22,011,760</u>	<u>\$ 34,041,595</u>	<u>\$ 32,187,874</u>
Net (Expense)/Revenue:								
Governmental activities	\$ (38,337,462)	\$ (17,751,050)	\$ (31,955,349)	\$ (23,442,986)	\$ (22,380,443)	\$ (29,788,062)	\$ (13,458,331)	\$ (16,940,698)
Business-type activities	(2,893,723)	(3,153,446)	(3,687,622)	(3,300,423)	(2,924,651)	(2,435,298)	(2,264,994)	(2,496,845)
Total primary government net expense	<u>\$ (41,231,185)</u>	<u>\$ (20,904,496)</u>	<u>\$ (35,642,971)</u>	<u>\$ (26,743,409)</u>	<u>\$ (25,305,094)</u>	<u>\$ (32,223,360)</u>	<u>\$ (15,723,325)</u>	<u>\$ (19,437,543)</u>

GASB 34 was implemented for the fiscal year ended June 30, 2003.
Information prior to implementation of GASB 34 is not available.

Source: City of Pico Rivera Finance Department

City of Pico Rivera
Change in Net Assets (Continued)
Last Eight Fiscal Years

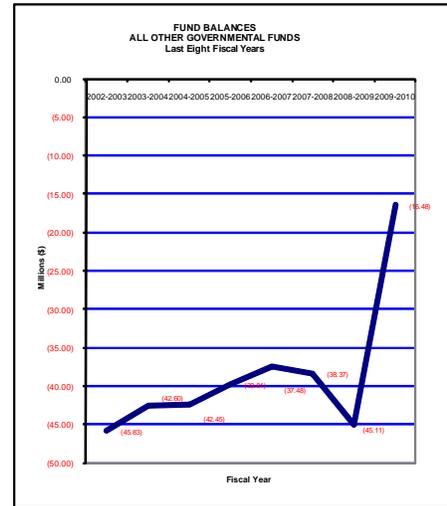
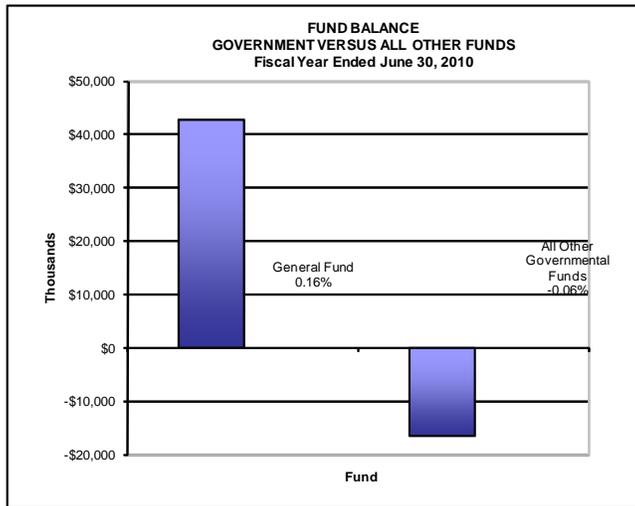
	Fiscal Year							
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
General Revenues and Other Changes								
in Net Assets:								
Governmental Activities:								
Property taxes	\$ 15,116,791	\$ 15,544,899	\$ 14,892,493	\$ 13,999,296	\$ 13,574,447	\$ 7,759,956	\$ 6,416,408	\$ 6,559,945
Sales taxes	13,074,986	8,974,814	7,925,324	7,340,573	7,969,973	7,059,294	6,746,464	5,453,985
Franchise taxes	1,155,951	1,281,687	984,238	1,202,680	969,595	1,109,691	979,546	993,091
Utility users taxes	3,669,717	3,949,567	4,043,150	3,929,078	3,836,457	3,620,239	3,352,796	3,201,596
Other taxes	1,331,305	1,422,862	1,695,765	1,728,439	1,732,339	5,789,985	5,769,778	-
Unrestricted motor vehicle license in lieu			298,233	447,468	237,016			
Investment income	1,372,901	1,744,699	1,703,963	1,731,877	455,006	757,285	225,790	99,642
Other	241,124	160,844	10,776	144,489	3,713	237,184	83,906	-
Transfers	460,309	856,287	788,089	443,853	214,525	735,910	1,100,906	1,198,512
Gain on sale of property	-	-	-	-	156,156	-	-	355,659
Total governmental activities	36,423,084	33,935,659	32,342,031	30,967,753	29,149,227	27,069,544	24,675,594	17,862,430
Business-type Activities:								
Investment income	2,591,363	2,640,365	2,941,741	3,037,277	3,002,851	2,935,534	2,928,702	3,000,054
Other	4,696	(9,196)	-	-	-	-	-	-
Transfers	(460,309)	(856,287)	(788,089)	(443,853)	(214,525)	(735,910)	(1,100,906)	(1,198,512)
Total business-type activities	2,135,750	1,774,882	2,153,652	2,593,424	2,788,326	2,199,624	1,827,796	1,801,542
Total primary government	\$ 38,558,834	\$ 35,710,541	\$ 34,495,683	\$ 33,561,177	\$ 31,937,553	\$ 29,269,168	\$ 26,503,390	\$ 19,663,972
Change in Net Assets:								
Governmental activities	\$ (1,914,378)	\$ 16,184,609	\$ 386,682	\$ 7,524,767	\$ 6,768,781	\$ (2,718,518)	\$ 11,217,263	\$ 921,705
Business-type activities	(757,973)	(2,160,979)	(1,533,970)	(707,284)	(136,325)	(235,674)	(437,198)	(695,303)
Total primary government	\$ (2,672,351)	\$ 14,023,630	\$ (1,147,288)	\$ 6,817,483	\$ 6,632,456	\$ (2,954,192)	\$ 10,780,065	\$ 226,402

GASB 34 was implemented for the fiscal year ended June 30, 2003.
Information prior to implementation of GASB 34 is not available.

City of Pico Rivera Fund Balances of Governmental Funds Last Eight Fiscal Years

	Fiscal Year							
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
General Fund:								
Reserved	\$ 34,922,021	\$ 35,849,151	\$ 9,064,673	\$ 9,285,657	\$ 9,856,378	\$ 10,452,952	\$ 8,890,476	\$ 11,184,926
Unreserved	8,016,575	8,569,891	7,648,759	7,359,548	2,868,707	(481,113)	2,075,870	1,647,915
Total general fund	<u>\$ 42,938,596</u>	<u>\$ 44,419,042</u>	<u>\$ 16,713,432</u>	<u>\$ 16,645,205</u>	<u>\$ 12,725,085</u>	<u>\$ 9,971,839</u>	<u>\$ 10,966,346</u>	<u>\$ 12,832,841</u>
All Other Governmental Funds:								
Reserved	\$ 35,797,844	\$ 9,137,369	\$ 2,781,570	\$ 2,372,780	\$ 2,139,102	\$ 4,020,424	\$ 7,145,780	\$ 13,308,656
Unreserved, reported in:								
Special revenue funds	13,132,481	8,578,604	19,263,734	20,753,477	10,647,724	14,992,076	14,856,956	6,068,112
Debt Service funds	(36,446,232)	(35,126,372)	(34,960,091)	(35,256,066)	(27,708,365)	(36,473,309)	(37,013,195)	(37,736,823)
Capital projects funds	(28,959,913)	(27,696,411)	(25,453,373)	(25,348,977)	(24,888,349)	(24,993,544)	(27,586,147)	(27,467,788)
Total all other governmental funds	<u>\$ (16,475,820)</u>	<u>\$ (45,106,810)</u>	<u>\$ (38,368,160)</u>	<u>\$ (37,478,786)</u>	<u>\$ (39,809,888)</u>	<u>\$ (42,454,353)</u>	<u>\$ (42,596,606)</u>	<u>\$ (45,827,843)</u>
			\$					

The City of Pico Rivera has elected to show only seven years of data for this schedule.



Source: City of Pico Rivera Finance Department

City of Pico Rivera
Changes in Fund Balances of Governmental Funds
Last Eight Fiscal Years

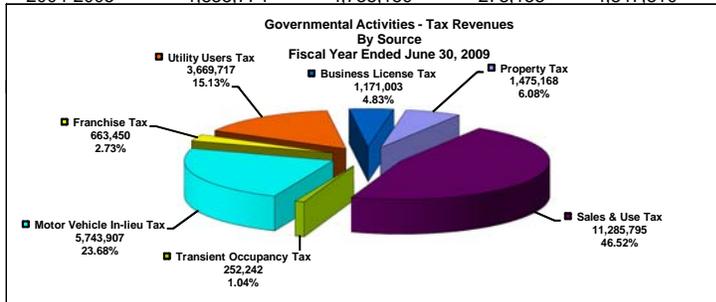
	Fiscal Years							
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Revenues:								
Taxes	\$ 28,372,572	\$ 26,991,628	\$ 24,717,432	\$ 25,390,342	\$ 24,446,972	\$ 19,803,148	\$ 18,393,189	\$ 14,730,716
Licenses and permits	2,385,338	2,467,780	2,703,598	3,205,116	2,942,873	2,929,773	3,086,469	3,010,067
Intergovernmental	21,247,209	37,817,192	19,369,533	17,574,898	15,882,113	17,062,455	22,582,301	18,677,499
Charges for services	946,283	912,699	1,142,260	1,264,016	1,274,261	1,012,157	1,706,209	1,373,296
Fines and forfeitures	1,672,249	1,431,160	1,291,782	1,075,736	1,164,730	1,022,768	715,997	686,266
Investment income	272,772	649,870	1,282,570	1,286,520	836,757	1,370,226	899,088	290,752
Miscellaneous	1,174,332	406,793	326,999	2,637,285	4,061,286	1,508,073	3,626,381	4,074,725
Gain on sale of land held for resale	-	-	-	-	-	-	-	1,108,909
Total revenues	56,070,755	70,677,122	50,834,174	52,433,913	50,608,992	44,708,600	51,009,634	43,952,230
Expenditures:								
General government	7,932,963	7,016,966	8,124,262	7,926,701	9,589,360	10,898,109	8,874,546	10,843,094
Public safety	11,590,148	11,310,373	10,270,119	9,100,192	8,112,907	7,619,608	7,147,968	6,699,379
Public works	9,490,395	7,669,990	8,794,803	8,002,066	7,080,544	5,549,480	5,387,103	4,223,797
Parks and recreation	4,360,552	5,927,669	4,729,902	5,183,213	3,679,445	4,909,394	4,868,313	4,861,246
Health and welfare	6,007,234	5,594,202	5,112,014	4,747,082	4,742,546	4,579,545	4,777,727	3,706,480
Community development	3,985,823	1,974,838	1,526,345	1,350,389	1,756,589	2,534,755	3,358,815	4,549,998
Pass through to other agencies	5,325,197	5,453,346	4,577,189	4,293,764	4,280,086	3,652,231	2,591,642	2,425,495
Loss on sale of land held for resale	-	-	-	-	-	-	-	1,215,653
Capital outlay	8,888,280	22,156,323	5,608,105	2,270,376	1,863,171	1,636,708	4,666,859	5,920,356
Debt service:								
Principal retirement	-	-	-	-	655,000	620,000	580,000	545,000
Interest and other charges	6,109,167	4,099,386	3,700,671	3,752,761	3,822,314	3,909,898	4,073,968	3,114,116
Total expenditures	63,689,759	71,203,093	52,443,410	46,626,544	45,581,962	45,909,728	46,326,941	48,104,614
Excess (deficiency) of revenues over (under) expenditures	(7,619,004)	(525,971)	(1,609,236)	5,807,369	5,027,030	(1,201,128)	4,682,693	(4,152,384)
Other Financing Sources (Uses):								
Transfers in	41,990,633	36,860,403	11,603,646	12,061,005	8,451,529	6,236,017	10,879,846	18,973,127
Transfers out	(41,428,840)	(36,004,116)	(10,815,557)	(11,617,152)	(8,237,004)	(5,500,107)	(9,778,940)	(17,774,615)
Bond issuance	32,860,000	-	-	-	-	-	-	-
Bond Premium	1,347,755	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	156,156	(387,036)	956,791	-
Total other financing sources (uses)	34,769,548	856,287	788,089	443,853	370,681	348,874	2,057,697	1,198,512
Net change in fund balances	27,150,544	330,316	(821,147)	6,251,222	5,397,711	(852,254)	6,740,390	(2,953,872)
Fund balances - July 1	(687,768)	(1,018,084)	(20,833,581)	(27,084,803)	(32,482,514)	(31,630,260)	(38,370,650)	(30,041,130)
Fund balances - June 30	\$ 26,462,776	\$ (687,768)	\$ (21,654,728)	\$ (20,833,581)	\$ (27,084,803)	\$ (32,482,514)	\$ (31,630,260)	\$ (32,995,002)
Debt service as a percentage of noncapital expenditures	11.15%	8.36%	7.90%	8.46%	10.24%	10.23%	11.17%	8.67%

The City of Pico Rivera has elected to show only eight years of data for this schedule.

Source: City of Pico Rivera Finance Department

**City of Pico Rivera
Governmental Activities Tax Revenues by Source
Last Eight Fiscal Years**

Fiscal Year	Property Taxes	Sales Tax	Transient Occupancy Tax	Motor Vehicle In-Lieu Tax	Franchise Tax	Utility Users Tax	Business License Tax	Total
2009-2010	\$ 1,475,168	\$ 11,285,795	\$ 252,242	\$ 5,743,907	\$ 663,450	\$ 3,669,717	\$ 1,171,003	\$ 24,261,282
2008-2009	2,398,824	7,190,832	359,567	5,909,671	772,109	3,949,567	1,253,563	21,834,133
2007-2008	2,466,213	5,748,211	361,248	5,681,785	642,219	4,043,150	1,334,517	20,277,343
2006-2007	2,281,049	5,564,244	406,959	5,399,306	742,450	3,929,078	1,321,480	19,644,566
2005-2006	2,370,309	6,081,217	315,003	6,081,217	621,178	3,834,999	1,414,806	20,718,729
2004-2005	1,835,774	4,738,159	278,153	4,847,810	651,954	3,620,239	1,519,628	17,491,717
					596,836	3,352,796	1,377,401	14,857,778
					583,996	3,201,569	1,067,971	14,615,117
					13.61%	14.62%	9.65%	66.00%



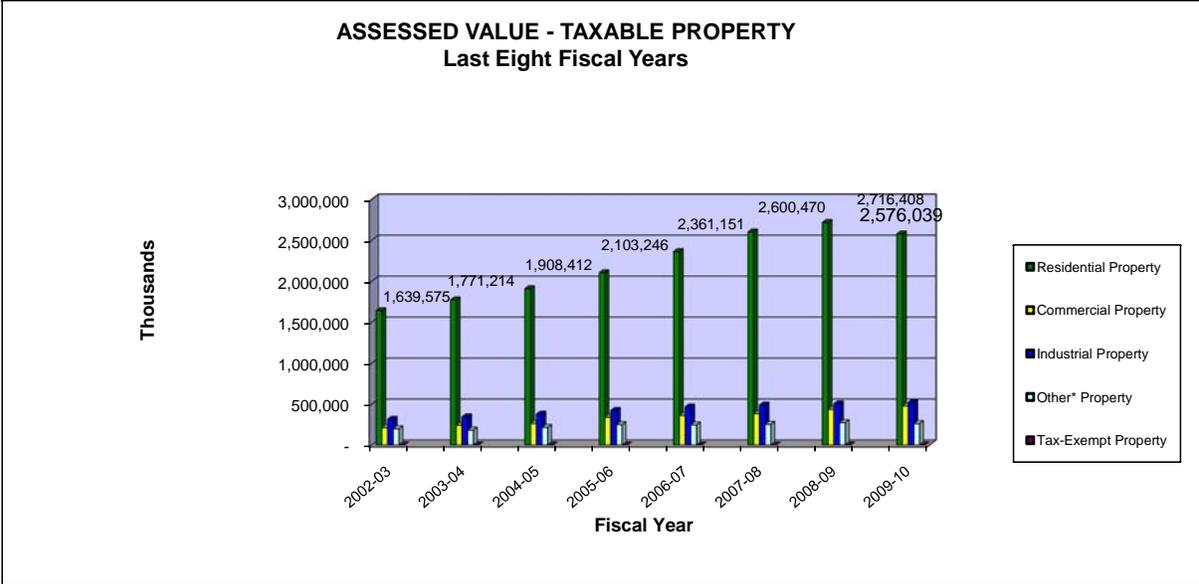
Source: City of Pico Rivera, Finance Department

**City of Pico Rivera
Revenue Base by Category
Last Eight Fiscal Years
(rate per \$1,000 of assessed value)**

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other* Property	Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2002-03	\$ 1,639,574,995	\$ 210,129,498	\$ 313,617,113	\$ 197,644,124	\$ 1,007,414	2,361,973,144	1.0086
2003-04	1,771,214,112	241,083,289	343,938,608	181,963,886	431,490	2,538,631,385	1.0076
2004-05	1,908,411,611	262,653,931	377,091,268	214,516,223	733,094	2,763,406,127	1.0070
2005-06	2,103,245,621	339,334,347	421,300,122	248,253,234	81,832	3,112,215,156	1.0060
2006-07	2,361,150,840	360,166,313	463,978,838	245,037,282	83,467	3,430,416,740	1.0054
2007-08	2,600,470,093	382,231,563	488,164,647	252,058,189	85,135	3,723,009,627	1.0045
2008-09	2,716,407,785	434,983,733	503,086,606	272,355,190	1,820,837	3,928,654,151	1.0043
2009-10	2,576,039,499	476,070,257	520,722,691	260,933,259	1,857,252	3,835,622,958	1.0043

*Other property includes recreational, institutional, vacant, and miscellaneous property.

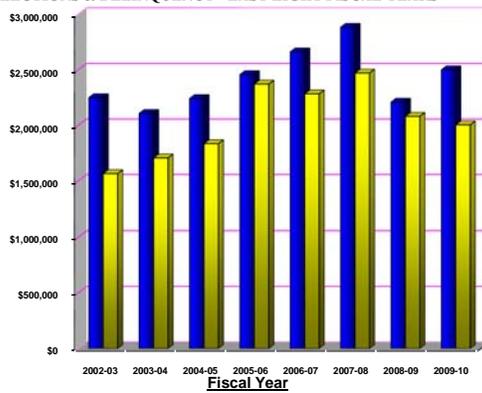
The City of Pico Rivera has elected to show only eight years of data for this schedule.



**City of Pico Rivera
Property Tax Levies and Tax Collections
Last Seven Fiscal Years**

Fiscal Year	TAXES LEVIED	COLLECTED WITHIN THE FISCAL YEAR OF LEVY		COLLECTIONS IN Subsequent Year	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENT OF LEVY		AMOUNT	FINAL PERCENT OF LEVY
2002-03*	\$2,250,000	\$1,567,070	69.65%	n/a	n/a	n/a
2003-04	2,108,321	1,707,733	81.00%	n/a	n/a	n/a
2004-05	2,241,965	1,835,774	81.88%	n/a	n/a	n/a
2005-06	2,457,179	2,370,309	96.46%	1,804	2,372,113	96.54%
2006-07	2,661,678	2,281,049	85.70%	2,890	2,283,939	85.81%
2007-08	2,882,716	2,466,213	85.55%	5,389	2,471,602	85.74%
2008-09	2,209,373	2,075,685	93.95%	6,211	2,081,896	94.23%
2009-10	2,500,000	2,000,000	80.00%	5,000	2,005,000	80.20%

TAX COLLECTIONS & DELINQUENCY - LAST EIGHT FISCAL YEARS



NOTE: Article XIII-A of the Constitution of the State of California adopted by the electorate in June 1978, precludes the City from a local property tax levy. All general-purpose property taxes are levied by the County and allocated to other governmental entities on a predetermined formula.

The City of Pico Rivera has elected to show only six years of data for this schedule. The data of delinquent taxes collected in preceding years of 2002-03, 2003-04 and 2004-05 are not available.

Source: California Municipal Statistics, Inc. - Oakland, California.

City of Pico Rivera
Direct and Overlapping Governments Property Tax Rates
Last Eight Fiscal Years

Fiscal Year	Overlapping Rates						City General Obligation Rate	City Redevelopment Rate	Total Direct Rate
	El Rancho Unified School District	Los Angeles County	County Flood Control District	Metro. Water District	Rio Hondo Community College District	City Share of 1% Levy Per Prop 13			
2002-03	0.0388	0.0010	0.000881	0.0067	-	0.0892	0.0169	1.0086	0.21381%
2003-04	0.0358	0.0009	0.00047	0.0061	-	0.0892	0.0157	1.0076	0.21408%
2004-05	0.0817	0.0008	0.00024	0.0058	0.0217	0.0892	0.0071	1.0070	0.22001%
2005-06	0.0818	0.0007	0.00005	0.0052	0.0180	0.0892	-	1.0060	0.23085%
2006-07	0.0791	0.0007	0.00005	0.0047	0.0147	0.0892	-	1.0054	0.23825%
2007-08	0.0813	-	-	0.0045	0.0137	0.0892	-	1.0045	0.23624%
2008-09	0.0811	-	-	0.0043	0.0232	0.0892	-	1.0043	0.24804%
2009-10	0.0853	0.0033	-	0.0043	0.0013	0.0892	-	1.0043	0.26015%

Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information. The percentages presented in the columns above do not sum across rows.

The City of Pico Rivera has elected to show only eight years of data for this schedule.

**City of Pico Rivera
Principal Property Tax Payers
Current Fiscal Year and Nine Fiscal Years Ago**

<u>Taxpayer</u>	<u>2009-10</u>		<u>2000-01</u>	
	<u>Taxable Assesed Value</u>	<u>Percentage of Total City Taxable Assesed Value</u>	<u>Taxable Assesed Value</u>	<u>Percentage of Total City Taxable Assesed Value</u>
Majestic AMB Pico Rivera Associates	\$ 41,124,492	1.07%		
Vestar California XXVI LLC	36,390,164	0.95%		
Wal Mart Real Estate Business Trust	32,925,075	0.86%		
Fresh and Easy Neighborhood market	32,203,087	0.84%		
General American Life Insurance Company	26,453,769	0.69%		
GGF Pico Rivera LLC	24,890,746	0.65%		
Showprop Pico Rivera	24,375,025	0.64%		
TRF Crossroads LLC	20,675,389	0.54%		
Dav C Bacara LLC	19,715,595	0.51%		
Rex Road LLC	19,431,820	0.51%		
Northrop Grumman Corporation			\$ 168,145,559	7.52%
Lubricating Specialties Company			17,348,701	0.78%
Crossroads Plaza LP			17,226,345	0.77%
GGF Pico Rivera LLC			11,292,000	0.50%
Target Corporation			9,250,725	0.41%
Power Lift LLC			8,613,391	0.39%
Carron Drive Apartments LP			8,578,940	0.38%
WPI Properties Limited			8,061,855	0.36%
San Gabriel Parkway Investment Company			7,939,357	0.35%
Bay Cities Container Corporation			6,833,571	0.31%
	<u>\$ 278,185,162</u>	<u>7.25%</u>	<u>\$ 263,290,444</u>	<u>11.77%</u>

Excludes government and tax-exempt property owners

Total City Value for 2000-01 \$ 2,237,228,424
Total City Value for 2009-10 \$ 3,835,622,958

Source: Los Angeles County Assessor 1998-99 and 2009-10 Combined Tax Rolls and SBE Non Unitary Tax Roll.

**City of Pico Rivera
Top 25 Sales Tax Producers
Current Fiscal Year and Ten Fiscal Years Ago**

Fiscal Year 2009-2010		Fiscal Year 2000-2001	
Taxpayers	Business Type	Taxpayers	Business Type
1 Apro	Service Stations	Albertsons	Grocery Stores Liquor
2 Arco AM PM Mini Market	Service Stations	Auto Clinic Unocal	Service Stations
3 California Wholesale Plywood	Contractors	California Wholesale Material Supply	Contractors
4 Chevron	Service Stations	Chevron	Service Stations
5 Chevron	Service Stations	Dal Rae	Restaurants Liquor
6 Cintas	Personal Service - No Liquor	Deardens Home Furhishings	Home Furnishings
7 Circle K	Service Stations	Foamex Carpet Cushion	Textiles/Furnishings
8 Food 4 Less	Groceries Stores Liquor	Food 4 Less	Groceries Stores Liquor
9 Home Depot	Lumber/Building Materials	G & M Oil	Service Stations
10 King Taco	Restaurants No Alcohol	Gigante	Grocery Stores Liquor
11 Kwik/Al Sal Oil	Service Stations	Home Depot	Lumber/Building Materials
12 Lowes	Lumber/Building Materials	Hovigs Arco	Service Stations
13 Marshalls	Family Apparel	J T McKinney Trailer Sales	Trailers/Auto Parts
14 McDonalds	Restaurants No Alcohol	K-Mart	Discount Dept Stores
15 Oxnard Building Materials	Contractors	Kwik Gas	Service Stations
16 Pico Rivera Gas & Carwash	Service Stations	Montgomery Ward & Co.	Department & Dry Goods Store
17 Ross	Family Apparel	Powerlift Corporation	Heavy Industrial
18 Saw Service of America	Heavy Industrial	Rosens Electrical Equipment	Electrical Equipment
19 South Coast Peterbilt	New Motor Vehicle Dealers	Sav On Drugs	Drug Stores
20 Southern Calif Material Handling	Repair & Hand Trade Shop	Saw Service of America, Inc.	Repair & Hand Trade Shop
21 Target	Discount Dept Stores	Southcoast Peterbilt	New Motor Vehicle Dealer
22 Tesoro Refining & Marketing	Service Stations	Suburban Propane	Fuel/Ice Dealers
23 Unisource	Office Supplies/Furniture	Trailmobile Trailer	Trailers/Auto Parts
24 United Rentals	Repair & Hand Trade Shop	Unisource	Office Supplies/Furniture
25 Wal Mart	Discount Dept Stores	United Rentals	Repair Shops
Percentage of total sales tax collected		62.79%	
68.11%			

Note: The names are listed in alphabetical order and not by sales tax volume.

Source: Hinderliter, de Llamas & Associates, State Board of Equilization

City of Pico Rivera
Ratios of Outstanding Debt by Type
Last Eight Fiscal Years

Fiscal Year	Governmental Activities			Revenue Bonds	Business-Type Activities	Total Primary Government	Percentage of Personal Income	Debt Per Capita
	County Deferral	General Obligation Bonds	Section 108 Loans		Revenue Bonds			
2002-03	29,982,135	1,060,000	795,000	-	62,035,000	93,872,135	10.36%	1,424
2003-04	31,794,940	725,000	550,000	-	60,975,000	94,044,940	9.85%	1,425
2004-05	33,724,853	375,000	280,000	-	60,126,116	94,505,969	9.58%	1,418
2005-06	35,325,140	-	-	-	58,922,966	94,248,106	9.47%	1,400
2006-07	36,623,324	-	-	-	57,674,816	94,298,140	9.43%	1,406
2007-08	37,826,624	-	-	-	56,311,666	94,138,290	7.88%	1,408
2008-09	38,853,309	-	-	-	54,893,516	93,746,825	7.66%	1,407
2009-10	29,130,975	-	-	32,860,000	53,390,367	115,381,342	9.46%	1,731

Note: Details regarding the outstanding debt can be found in the notes to the financial statements.

The City of Pico Rivera has elected to show only eight years of data for this schedule.

City of Pico Rivera
Ratios of General Bonded Debt Outstanding
Last Eight Fiscal Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Total Primary Government	Percent of Assessed Value	Per Capita
2002-03	1,060,000	-	1,060,000	0.040%	16.00
2003-04	725,000	-	725,000	0.031%	50.13
2004-05	375,000	-	375,000	0.016%	25.33
2005-06	-	-	-	0.000%	-
2006-07	-	-	-	0.000%	-
2007-08	-	-	-	0.000%	-
2008-09	-	-	-	0.000%	-
2009-10	-	32,860,000	32,860,000	100.000%	493.02

Note: Details regarding the outstanding debt can be found in the notes to the financial statements.

The City of Pico Rivera has elected to show only eight years of data for this schedule.

City of Pico Rivera
Direct and Overlapping Debt
As of June 30, 2010

2009-10 Assessed Valuation:	\$3,835,622,958
Redevelopment Incremental Valuation:	768,826,992
Adjusted Assessed Valuation:	<u>\$3,066,795,966</u>

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2010	% Applicable (1)	City's Share of Debt 6/30/10
Los Angeles County Flood Control District	\$ 69,610,000	0.327%	\$ 227,625
Metropolitan Water District	264,220,000	0.170%	449,174
Los Angeles Community College District	2,365,515,000	0.016%	378,482
Rio Hondo Community College District	119,062,097	13.205%	15,722,150
El Rancho Unified School District	52,828,266	99.996%	52,826,153
Montebello Unified School District	157,730,618	0.945%	1,490,554
Whittier Union High School District	124,344,082	0.523%	650,320
Los Nietos School District	9,618,130	0.104%	10,003
Whittier City School District	27,145,000	1.775%	481,824
City of Pico Rivera	0	100.000%	-
City of Pico Rivera 1915 Act Bonds	40,000	100.000%	40,000
Los Angeles County Regional Park and Open Space Assessment Di:	222,660,000	0.330%	<u>734,778</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			73,011,062
 <u>OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$855,695,839	0.330%	\$2,823,796
Los Angeles County Pension Obligations	118,486,192	0.330%	391,004
Los Angeles County Superintendent of Schools Certificates of Partici	13,185,458	0.330%	43,512
Montebello Unified School District Certificates of Participation	15,125,000	0.945%	142,931
Whittier City School District Certificates of Participation	8,475,000	1.775%	150,431
City of Pico Rivera General Fund Obligations	32860000	100.000%	32,860,000
Los Angeles County Sanitation District No. 2 Authority	34,810,192	7.957%	2,769,847
Los Angeles County Sanitation District No. 18 Authority	19,460,816	0.272%	<u>52,933</u>
TOTAL OVERLAPPING GENERAL FUND DEBT			\$39,234,456
 COMBINED TOTAL DEBT			 <u>\$112,245,518 (2)</u>

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

<u>Ratios to 2009-10 Assessed Valuation:</u>	
Direct Debt	1.90%
Total Overlapping Tax and Assessment Debt.....	1.90%

<u>Ratios to Adjusted Assessed Valuation:</u>	
Combined Direct Debt (\$32,860,000)	1.07%
Combined Total Debt.....	3.66%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

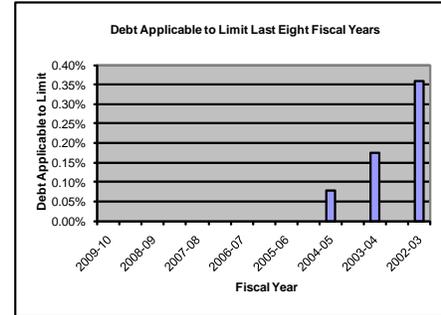
City of Pico Rivera Legal Debt Margin Information Last Eight Fiscal Years

	Fiscal Year							
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Debt limit	\$ 581,318,695	\$ 595,025,845	\$ 563,808,591	\$ 520,125,810	\$ 466,832,273	\$ 472,378,421	\$ 418,822,326	\$ 384,168,650
Total net debt applicable to limit	-	-	-	-	-	(375,000)	(725,000)	(1,375,000)
Legal debt margin	\$ 581,318,695	\$ 595,025,845	\$ 563,808,591	\$ 520,125,810	\$ 466,832,273	\$ 472,003,421	\$ 418,097,326	\$ 382,793,650
Total net debt applicable to the limit as a percent of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%	0.17%	0.36%

Legal Debt Margin Calculation for Fiscal Year 2009-20091=:

Assessed value	\$ 3,835,622,958	\$ 3,928,654,151
Add back: exempt real property	39,835,011	38,184,816
Total assessed value	\$ 3,875,457,969	\$ 3,966,838,967
Debt limit (15% of total assessed value)	\$ 581,318,695	\$ 595,025,845
Debt applicable to limit	-	-
Legal debt margin	\$ 581,318,695	\$ 595,025,845

Note: Under state finance law, the City of Pico Rivera's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.



The City of Pico Rivera has elected to show only eight years of data for this schedule.

**City of Pico Rivera
Pledged Revenue Bond Coverage**

WATER AUTHORITY REVENUE BONDS - Last Ten Fiscal Years

Fiscal Year	Gross Revenue ⁽¹⁾	Rate Stabilization Fund ⁽²⁾	Gross Expenses ⁽³⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2000-01	6,286,912	600,000	2,944,773	3,942,139	325,000	2,127,563	2,452,563	160.74%
2001-02	7,964,666	600,000	2,956,755	5,607,911	490,000	3,786,613	4,276,613	131.13%
2002-03	8,018,375	600,000	3,252,982	5,365,393	1,005,000	3,745,313	4,750,313	112.95%
2003-04	8,052,654	600,000	2,994,587	5,658,067	1,060,000	3,687,618	4,747,618	119.18%
2004-05	8,224,873	600,000	3,629,441	5,195,432	1,120,000	3,626,479	4,746,479	109.46%
2005-06	8,067,381	600,000	3,293,731	5,373,650	1,190,000	3,560,327	4,750,327	113.12%
2006-07	8,476,308	600,000	3,939,698	5,136,610	1,255,000	3,490,151	4,745,151	108.25%
2007-08	8,221,500	600,000	9,284,162	(462,662)	1,350,000	3,416,972	4,766,972	-9.71%
2008-09	7,994,018	600,000	8,350,672	243,346	1,405,000	3,336,888	4,741,888	5.13%
2009-10	8,235,109	600,000	8,384,403	450,706	1,490,000	3,229,778	4,719,778	9.55%

⁽¹⁾ Total Water Authority revenues

1989 TAX ALLOCATION BONDS - Four Fiscal Years

Fiscal Year	Gross Revenue ⁽¹⁾	Principal	Interest	Total	Coverage
1996-97	\$ 9,151,409	\$ 21,250,000	\$ 7,010,634	\$ 28,260,634	32.38%
1997-98	8,310,035	2,065,000	4,663,480	6,728,480	123.51%
1998-99	7,550,670	3,045,000	4,370,807	7,415,807	101.82%
1999-00	3,663,190	3,430,000	4,149,138	7,579,138	48.33%

⁽¹⁾ Total Redevelopment Agency revenues

2001 TAX ALLOCATION REFUNDING BONDS - Last Nine Fiscal Years

Fiscal Year	Gross Revenue ⁽¹⁾	Principal	Interest	Total	Coverage
2000-01	\$ 4,519,350	\$ -	\$ 957,816	\$ 957,816	471.84%
2001-02	2,522,182	150,000	2,844,450	2,994,450	84.23%
2002-03	4,147,748	545,000	2,820,125	3,365,125	123.26%
2003-04	4,998,535	585,000	2,780,575	3,365,575	148.52%
2004-05	6,243,546	625,000	2,738,225	3,363,225	185.64%
2005-06	6,678,153	670,000	2,692,900	3,362,900	198.58%
2006-07	6,485,741	715,000	2,644,425	3,359,425	193.06%
2007-08	6,710,233	765,000	2,592,625	3,357,625	199.85%
2008-09	7,587,997	820,000	2,537,150	3,357,150	226.02%
2009-10	6,400,131	880,000	2,477,650	3,357,650	190.61%

2009 LEASE REVENUE BONDS

Fiscal Year	Gross Revenue ⁽⁴⁾	Principal	Interest	Total	Coverage
2009-10	\$ 28,988,390	\$ -	\$ -	\$ -	#DIV/0!

⁽⁴⁾ Total General Fund revenues

⁽¹⁾ Total Redevelopment Agency revenues

(2) 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

(3) 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

(4) On September 1, 2009, the Pico Rivera Financing Authority issued \$32,860,000 Lease Revenue Bonds

Source: City of Pico Rivera Finance Department

**City of Pico Rivera
Demographic and Economic Statistics
Last Eight Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2002-03	65,925	\$ 905,875	\$ 13,741	6.60%
2003-04	66,003	954,469	14,461	6.10%
2004-05	66,663	986,879	14,804	4.70%
2005-06	67,330	994,935	14,777	4.10%
2006-07	67,074	999,939	14,908	4.10%
2007-08	66,867	1,194,311	17,861	4.60%
2008-09	66,640	1,223,776	18,364	7.00%
2009-10	66,650	1,219,628	18,299	10.80%

Source: MuniServices, LLC

(1) Population Projections are provided by the California Department of Finance Projections.

(2) Income Data is provided by the United States Census Data and is adjusted for inflation.

2002-03 through 2006-07 data based on Los Angeles County personal income data.

(3) Unemployment Rate is provided by the EDD's Bureau of Labor Statistics Department.

The City of Pico Rivera has elected to show only eight years of data for this schedule.

**City of Pico Rivera
Principal Employers
Current Fiscal Year and Nine Fiscal Years Ago**

Employer	Business Type	2009-10		2000-01	
		Number of Employees	% of Total City Employment	Employees	% of Total City Employment
El Rancho Unified School Dist.*	Government	1,200	4.14%		
Wal-Mart Super Center	Retailer	503	1.73%		
City of Pico Rivera	Government	389	1.34%		
BakeMark**	Manufacturer	259	0.89%		
Target	Retailer	215	0.74%		
Feit Electric	Industrial	193	0.67%		
Bimbo Bakeries	Distribution Center	187	0.64%		
Cintas Corporation	Manufacturer	165	0.57%		
Los Angeles County Sheriff	Patrol Station	153	0.53%		
Home Depot	Retailer	140	0.48%		
Rivera Nursing & Convalescent	Healthcare	140	0.48%		
Northrop Corp.	Manufacturer			1,900	6.96%
El Rancho Unified School Dist.	Government			1,300	4.76%
City of Pico Rivera	Government			476	1.74%
Power Lift	Industrial			300	1.10%
BakeMark	Manufacturer			250	0.92%
Bay Cities Container Corp.	Industrial			185	0.68%
The Home Depot	Retailer			159	0.58%
Dynamic Electronics	Industrial			150	0.55%
Rush Truck Centers	Industrial			134	0.49%
Reeve Store Equipment Co.	Industrial			130	0.48%
Total Top Employers		<u>3,544</u>	<u>12.21%</u>	<u>4,984</u>	<u>18.26%</u>
Total City Employment (1)		29,000		27,300	

Source: MuniServices, LLC

Results based on direct correspondence with city's local businesses

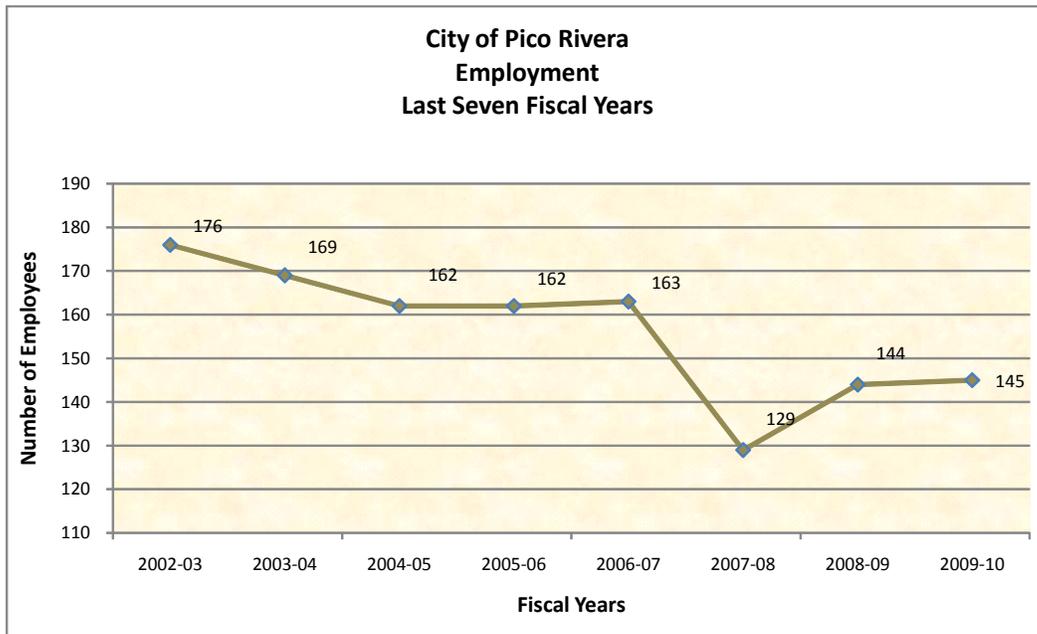
(1) Total City Employment provided by Employment Development Department Labor Force Data

*This count represents the entire school district not just employees located in Pico Rivera.

**Updated Employee Count was unavailable, employee count is from 2008-09

City of Pico Rivera
Full-time Equivalent City Employees by Function
Last Eight Fiscal Years

Function	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
General Government	29.00	31.00	28.00	46.00	41.0	47.0	55.0	62.0
Public Safety	7.00	8.00	8.00	9.00	9.0	4.0	4.0	4.0
Public Works	57.00	56.00	48.00	54.00	42.0	47.0	45.0	46.0
Parks and Recreation	22.00	22.00	17.00	25.00	23.0	36.0	38.0	37.0
Community Development	22.00	19.00	17.00	18.00	26.0	18.0	18.0	18.0
Water	8.00	8.00	11.00	11.00	21.0	10.0	9.0	9.0
Total	145.0	144.0	129.0	163.0	162.0	162.0	169.0	176.0



The City of Pico Rivera has elected to show only eight years of data for this schedule.
 Source: City of Pico Rivera Finance Department

City of Pico Rivera
Operating Indicators by Function
Last Eight Fiscal Years

Function	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Police:								
Calls dispatched	22,471	23,017	23,548	28,127	27,332	28,438	26,936	26,471
Crime reports	7,892	8,323	8,657	8,782	9,339	10,472	9,000	8,454
Moving citations	9,057	6,747	6,979	8,990	6,359	8,139	7,198	5,531
Parking citations	408	864	634	774	529	712	2,674	1,066
Parking citations issued by Public Safety	22,473	22,444	19,244	17,324	18,955	N/A	N/A	N/A
Streets and Highways:								
Asphalt repair (in tons)	1,600	707	360	1,248	1,600	(A)	(A)	(A)
Curb & gutter repair (lineal ft.)	735	1,890	2,550	15,456	1,000	(A)	(A)	(A)
Sidewalk repair (lineal ft.)	7,502	9,302	14,810	1,450	2,500	(A)	(A)	(A)
Traffic signals maintained	49	46	39	40	39	39	39	39
Water:								
Number of customer accounts	9,405	9,456	9,400	9,396	9,400	9,397	9,402	9,391
Average daily consumption (millions of gallons)	5	5	5	5	27,603	23,717	24,749	22,977
Water samples taken (annual)	798	780	767	520	919	895	867	841
Sewers:								
Feet of sewer mains root cut/chemically treated	11	11	11	11	11	11	11	11
Maintenance:								
Square ft. graffiti removal	132,844	234,607	23,425	431,715	950,000	(A)	(A)	(A)
Streetsweeping miles	1,200	1,200	1,174	1,200	1,174	1,174	1,174	1,174
Trees trimmed per year	4,669	4,592	3,700	3,971	6,157	2,619	2,137	306
Culture and Recreation:								
Youth sports	659	700	685	855	478	861	907	900
Aquatics	16,720	37,718	35,964	38,879	15,597	17,027	15,003	18,123
Picnic rentals	-	-	-	-	-	-	-	-
Recreation classes	1,082	10,184	39,452	2,418	16,604	22,640	27,352	36,000
Senior Center participants	100,547	90,664	84,728	84,430	9,602	8,684	9,256	9,091

(A) Information is not available

The City of Pico Rivera has elected to show only eight years of data for this schedule.

City of Pico Rivera
Capital Asset Statistics by Function
Last Eight Fiscal Years

Function	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Public Safety:								
Police stations	1	1	1	1	1	1	1	1
Number of patrol units	14	14	12	13	13	12	12	12
Highways and Streets:								
Miles of streets	115.2	115.2	137	115.2	115.2	115.2	115.2	115.2
Traffic Signals	42	42	40	40	39	39	39	39
Water:								
Number of active water wells	8	8	8	10	10	10	10	10
Number of reservoirs	3	3	3	3	3	3	3	3
Miles of lines & mains	98	98	98	98	98	98	98	98
Sewer:								
Miles of sanitary sewers	285	285	285	285	110	110	110	110
Miles of flood control channel	17.2	17.2	17	17	17	17	17	17
Culture and Recreation:								
Number of parks	8	8	7	7	7	7	7	7
Number of community centers	6	6	8	5	5	5	5	5

The City of Pico Rivera has elected to show only eight years of data for this schedule.

