

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2017



CITY OF PICO RIVERA
CALIFORNIA



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**CITY OF PICO RIVERA,
CALIFORNIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared By

Finance Department

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CITY OF PICO RIVERA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS

For the year ended June 30, 2017

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i
City Officials	viii
Organizational Chart	ix
Certificate of Achievement for Excellence in Financial Reporting	x
 FINANCIAL SECTION:	
Independent Auditors' Report	1
 Management's Discussion and Analysis (Required Supplementary Information)	 5
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
 Fund Financial Statements:	
Governmental Funds:	
Description of Major Funds	23
Balance Sheet	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	 27
Statement of Revenues, Expenditures, and Changes in Fund Balances	28
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	 30
 Proprietary Funds:	
Statement of Net Position	31
Statement of Revenues, Expenses, and Changes in Net Position	32
Statement of Cash Flows	33
 Fiduciary Funds:	
Description of Fiduciary Funds	35
Statement of Fiduciary Net Position	36
Statement of Changes in Fiduciary Net Position	37
 Notes to Financial Statements	 39

CITY OF PICO RIVERA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS
(CONTINUED)

For the year ended June 30, 2017

	<u>Page Number</u>
Required Supplementary Information:	101
Schedule of Changes in Net Pension Liability and Related Ratios - Miscellaneous Plan	102
Schedule of Contributions - Miscellaneous Plan	103
Schedule of Changes in Net Pension Liability and Related Ratios - Council Plan	104
Schedule of Contributions - Council Plan	105
Schedule of Money-Weighted Rate of Return – Council Plan	105
Schedules of Funding Progress - Other Post-Employment Benefits	106
Budgetary Comparison Schedules:	
General Fund	107
Housing Agency Section 8 Special Revenue Fund	108
Federal Grants Special Revenue Fund	109
Note to Required Supplementary Information	110
Supplementary Information:	111
Other Major Fund - Budgetary Comparison Schedule:	113
Capital Improvement Capital Projects Fund	114
Other Governmental Funds:	
Description of Other Governmental Funds	115
Combining Balance Sheet	118
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	124
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Community Development Block Grant Special Revenue Fund	130
State Gas Tax Special Revenue Fund	131
Lighting Assessment District Special Revenue Fund	132
Park Development Special Revenue Fund	133
Prop A Special Revenue Fund	134
Prop C Special Revenue Fund	135
Measure R Special Revenue Fund	136
HOME Grant Special Revenue Fund	137
CalHOME Grant Special Revenue Fund	138

CITY OF PICO RIVERA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS
(CONTINUED)

For the year ended June 30, 2017

	<u>Page Number</u>
Supplementary Information (Continued):	
Other Governmental Funds (Continued):	
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued):	
Air Quality Improvement Special Revenue Fund	139
State Grants Special Revenue Fund	140
Economic Development Assistance Grant Special Revenue Fund	141
Image Enhancement Special Revenue Fund	142
Sewer Maintenance Special Revenue Fund	143
Reach Grants Special Revenue Fund	144
Cable/PEG Support Special Revenue Fund	145
Transportation Development Act Special Revenue Fund	146
Paramount/Mines Landscape Maintenance Assessment Capital Projects Fund	147
Other Enterprise Funds:	
Description of Other Enterprise Funds	149
Combining Statement of Net Position	150
Combining Statement of Revenues, Expenses, and Changes in Net Position	151
Combining Statement of Cash Flows	152
Agency Fund:	
Description of Agency Fund	153
Combining Statement of Fiduciary Assets and Liabilities	154
Combining Statement of Changes in Assets and Liabilities	155

CITY OF PICO RIVERA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS
 (CONTINUED)

For the year ended June 30, 2017

	<u>Page Number</u>
STATISTICAL SECTION (UNAUDITED):	157
Description of Statistical Section Contents	159
Financial Trends:	
Net Position by Component - Last Ten Fiscal Years	160
Change in Net Position - Expenses and Program Revenues - Last Ten Fiscal Years	162
Change in Net Position - General Revenues - Last Ten Fiscal Years	164
Fund Balances of Governmental Funds - Last Ten Fiscal Years	166
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	168
Revenue Capacity:	
Governmental Activities Tax Revenues by Sources - Last Ten Fiscal Years	170
Revenue Base by Category - Last Ten Fiscal Years	172
Property Tax Levies and Tax Collections - Last Ten Fiscal Years	174
Direct and Overlapping Governments Property Tax Rates - Last Ten Fiscal Years	176
Principal Property Taxpayers - Current Fiscal Year and Nine Fiscal Years Ago	178
Top 25 Sales Tax Producers - Current Fiscal Year and Nine Fiscal Years Ago	179
Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	180
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years	182
Direct and Overlapping Debt	183
Legal Debt Margin Information - Last Ten Fiscal Years	184
Pledged Revenue Bond Coverage:	
Water Authority Revenue Bonds - Last Ten Fiscal Years	186
2001 Tax Allocation Refunding Bonds - Last Ten Fiscal Years	186
2009 Lease Revenue Bonds - Last Seven Fiscal Years	186
2016 Lease Revenue Bonds	186
Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Fiscal Years	187
Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago	188
Operating Information:	
Full-Time Equivalent City Employees by Function - Last Ten Fiscal Years	189
Operating Indicators by Function - Last Ten Fiscal Years	190
Capital Asset Statistics by Function - Last Ten Fiscal Years	192

INTRODUCTORY SECTION

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René Bobadilla, P.E.
City Manager

City of Pico Rivera
OFFICE OF THE CITY MANAGER

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City Council

Gustavo V. Camacho

Mayor

Brent A. Tercero

Mayor Pro Tem

Bob J. Archuleta

Councilmember

David W. Armenta

Councilmember

Gregory Salcido

Councilmember

February 28, 2018

Honorable Mayor and City Council
City of Pico Rivera, California

**SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF
PICO RIVERA FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Honorable Mayor and City Councilmembers,

I am pleased to present the Comprehensive Annual Financial Report of the City of Pico Rivera for the fiscal year ended June 30, 2017. The purpose of this report is to provide the City Council, residents, general public and interested parties with a broad financial outlook of the City, as well as to comply with State law and accounting best practices. This transmittal letter will provide highlights from Fiscal Year 2016-17, as well as explain ongoing efforts to maintain the City's sound financial footing.

The Comprehensive Annual Financial Report is prepared using the guidelines set forth by the Government Accounting Standards Board (GASB) and audited by White Nelson Diehl Evans LLP, Certified Public Accountants & Consultants. For the year ended June 30, 2017, these financial statements received an unmodified opinion by White Nelson Diehl Evans LLP. Their opinion 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 (CAFR) for the fiscal year ended June 30, 2016. Excluding 2007 (when there was significant management turnover), this was the 18th consecutive year that the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). 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. We believe that our Comprehensive Annual Financial Report for Fiscal Year 2016-17 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. This combined presentation better represents the financial activities of the City of Pico Rivera as a whole.

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:

- Pico Rivera Water Authority
- Pico Rivera Housing Assistance Agency
- Pico Rivera Public Financing 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, construction and maintenance of roads and highways, planning and zoning, recreation and cultural activities, and general administrative support such as overall agency management, procurement of goods and services, payroll, recruitment, risk management and budgeting and accounting. Police, fire and library services are provided by Los Angeles County. The services provided by the Pico Rivera Housing Assistance Agency include low-moderate income housing assistance (i.e., Federal Section 8 program).

The paragraphs below present highlights from the financial statements, a discussion of significant accomplishments, a review of operational improvements made and an economic overview of the coming fiscal year. A fuller discussion of the financial aspects of the City's operations can be found in the Management Discussion and Analysis (MD&A) which follows this transmittal letter. In addition, the various schedules and Notes provide additional data related to the City's operations, obligations, investments, and other important components.

Financial Statement Highlights

The CAFR includes many financial schedules that provide information related to various aspects of the City's financial standing. The City's "Net Position" – a schedule showing assets net of liabilities across all of the City's operations – provides a broad overview of the entire organization's financial health. Pico Rivera's total net position as of June 30, 2017 was \$281.995 million, slight decrease from \$282.433 million as of June 30, 2016.

Focusing on the General Fund, total fund balance – revenue net of expenses and excluding other financing uses (i.e., transfers in/out) – stood at \$59.734 million. This was a \$4.571 million decrease over Fiscal Year 2015-16. This decrease was the result of using fund balance for one-time expenses targeted at reducing the City’s long-term liabilities.

The largest use of fund balance was related to the establishment of an irrevocable trust to address current and future retiree health expenses. Depositing \$4.000 million to the trust was an investment in the City’s future, reducing unfunded other post employment benefit (OPEB) liabilities by one-third. These funds will provide future funding, as they are invested and grow, to offset retiree health care costs in subsequent fiscal years. The goal is to grow these funds to a point where on-going operational OPEB related expenses can be offset by trust proceeds.

The City also refinanced over \$30 million in lease revenue bonds. The refinancing of the 2009 Lease Revenue bonds will save approximately \$400 thousand annually in debt service payments. This refinancing cost approximately \$520 thousand in “closing costs” (i.e., cost of issuance), but will result in over \$4.8 million in present value savings over the remaining life of the bond issuance (i.e., bond maturity in 2039).

Not all of the \$59.734 million in fund balance is spendable (i.e., liquid): \$25.210 million is nonspendable. This particular amount is related to the former Pico Rivera Redevelopment Agency and outstanding debt. Of the remaining \$34.524 million in spendable fund balance, \$9.477 million makes up the Emergency Reserve commitment, which is in line with the City Council policy of setting aside 25% of prior year operating revenues for use in case of emergencies or other economic uncertainties. There is \$14.427 million classified as “assigned” for various other uses (i.e., self-insured retention, capital improvements, etc.). The remaining \$10.621 million is “unassigned.” See the section below on “Reserves and Fund Balance Policy” for a fuller discussion of the various reserves that have been created per City Council adopted reserve policies.

Significant City Accomplishments and Initiatives

The City of Pico Rivera can be proud of numerous significant accomplishments in Fiscal Year 2016-17. One of the most significant accomplishments was the creation of a Community Choice Aggregation (CCA) power supply entity known as Pico Rivera Innovative Municipal Energy (PRIME). This entity, created as part of a modified joint powers agreement with Lancaster Choice Energy, allows for Pico Rivera residents and businesses to benefit from lower energy costs. The rate setting ability is now local, taken from the hands of the California Public Utilities Commission and made by locally elected City Council members. For the initial rate period, residential customers are realizing a three percent (3.0%) rate reduction from what they were paying with Southern California Edison (SCE).

Another significant accomplishment is the establishment of an irrevocable trust through the California Employers’ Retiree Benefit Trust (CERBT) program offered by the

California Public Employee Retirement System (CalPERS). As mentioned above, the City committed \$4.0 million in fund balance to pre-fund this trust. The establishment of this trust reduced unfunded liabilities by one-third: from \$39.0 million to \$27.0 million. These funds will be held in the trust and used in the future to offset ongoing costs related to retiree medical health premiums.

In addition, the City also:

- Refinanced over \$30 million in bonds, realizing approximately \$400,000 in annual General Fund savings and more than \$4.0 million in long-term savings
- Transitioned financial and human resources software to a modern, state of the art system that allows for improved reporting and increased efficiency
- Fully implemented on-line business license processing through a partnership with a third-party private vendor, greatly improving efficiency and revenue collection
- Transitioned to a new insurance provider, saving the City almost \$1.0 million in reduced premium costs for liability and workers compensation coverage
- Completed the second year of organization-wide professional and executive development training, including a special training academy focused on the City's administrative support staff
- Engaged a third-party financial management advisor to invest \$20 million in idle cash, with the goal of realizing additional yield vs. passive investment in the State Treasurer's Local Agency Investment Fund (LAIF) program
- Provided 52 special events through Parks and Recreation, serving almost 120,000 people
- Approved updated General Fund and Pico Rivera Innovative Municipal Energy reserve policies
- Undertook a revamp of purchasing policies and procedures to improve internal controls

These are just a few examples of the initiatives and projects aimed at achieving and maintaining the City's long-term organizational and financial success. In addition, initiatives were completed in FY 2016-17 that further improved the City's fiscal standing and overall financial stability: adoption of a budget with a General Fund operating surplus of more than \$300,000, initiating a cost recovery/cost allocation plan study aimed at improving cost recovery, reviewing telecommunication and utility billings to find cost savings, and other tasks and projects.

In addition, as part of the creation of an organization-wide vision statement, the Finance Division of the Administrative Services Department continued to pursue its strategic plan, focusing on three areas of Financial Infrastructure:

- Financial Policies and Procedures
- Financial Sustainability
- Financial Literacy

Each of these tenets is reflected in the work pursued by the Finance Division, and supported by each operating department in the City. Many of the prior year's accomplishments were driven by one of these strategic areas. The Administrative Services Department is committed to supporting the City's overall strategic mission and vision through these strategic areas, setting department goals with one of these strategies in mind.

Economic Condition and Outlook

As can be seen in the following pages, the City's financial condition is sound. The General Fund did see operating expenditures exceed operating revenue by \$5.518 million as of June 30, 2017. However, as explained above, that was due to several strategic one-time expenditures designed to address long-term liabilities. Even with the one-time use of available General Fund reserves, total fund balance remains at a healthy \$59.734 million – an amount that represents 158% of operating revenue. Further details of these and related financial statistics can be found in the MD&A and the Notes sections in the following pages.

The healthy state of General Fund reserves are a result of several years of operating surpluses: for Fiscal Years 2012-13, 2013-14, 2014-15 and 2015-16, the General Fund had operating surpluses (before transfers in/out), of \$4.032 million, \$3.185 million, \$4.764 million and \$4.834 million, respectively. Looking ahead, the City Council approved a FY 2017-18 General Fund operating budget with a \$298,000 surplus.

The relative health of the City's finances can be attributed to continuing efforts to better align ongoing expenditures with ongoing revenues. While Pico Rivera has enjoyed positive financial health, it is important that all efforts are made to gird against any future economic downturns which would impinge upon the City's main sources of revenue: sales and property tax. While the nation's economy continues to improve – albeit at a slower pace than in prior post-recession recoveries – no City is immune to any future slowdowns in the economy.

For this reason it is important that the City continues to develop responsible budgets that provide essential services to our residents and fulfills City Council priorities. The efforts to focus on Pico Rivera's fiscal health will continue as subsequent budgets are developed, keeping in mind the Financial Infrastructure strategic plan and its emphasis on creating, maintaining and ensuring Financial Sustainability.

Internal Control Improvements

Finance Division staff place an emphasis on effective internal controls. In the last fiscal year, Finance has improved the management of the City's purchasing card program, reviewed and audited petty cash, created policies on the proper handling of cash, undertaken a comprehensive review of purchasing policies, reviewed telephone and utility usage to find savings, streamlined numerous Finance operations and addressed recommendations made by our auditors in previous annual audits.

Finance staff have worked diligently over the past two fiscal years to address recommendations from our auditors and make overall improvements to the administration, management and production of our financial statements. The auditors recommendations from two fiscal years ago (FY 2014-15) addressed the proper classification of "Internal Service Funds," the timeliness of fiscal year-end close processes, setting a reserve for uncollectible receivables (i.e., bad debt), improving the tracking of capital projects "construction in progress" status, monitoring affordable housing loans and tracking administrative costs to the Successor Agency.

All of these issues, save for one, were remedied in FY 2015-16. The auditors' one recommendation from the 2015-16 audit was continued improvement in the area of tracking capital projects, construction in progress and assets (i.e., equipment and vehicles). Staff continued the efforts begun in the previous year and made improvements to asset tracking and classification in FY 2016-17. For example, staff conducted a physical inventory of all fleet vehicles and equipment, vastly improving the accuracy of this particular asset list. Also, closer attention was paid to monitoring capital projects and properly classifying them when completed, improving the "work in progress" value on the financial statements. The final step in overall improvement of asset tracking will be the use of the City's new financial software to track and depreciate all capital assets, making the process easier and more accurate.

The Administrative Services Department is proud of these efforts to rectify the auditor's recommendations. In addition, many other processes are being reviewed and improved that directly impact daily operations. Staff is closely reviewing accounts payable and purchasing to find ways to bring increased efficiency to these processes. For example, the City continued its effort to enroll new and existing vendors in electronic (i.e., ACH) payment, minimizing printing of checks and speeding delivery of payment to our vendors.

One significant accomplishment that will further strengthen internal controls while providing management with improved access to financial data is the implementation of a new financial software system: New World Systems. The use of this system began in FY 2016-17, with a go-live date of September, 2016. This modern financial reporting software replaced an outdated and antiquated system and provides staff across the organization with access to financial and operational data.

In addition, the new software allows for streamlining of systems, moving the City away from paper-dependent processes by allowing for electronic approval of invoices, purchase orders, timesheets, planning and building permits and related items. This new financial and payroll system is fully operational in all areas except for utility billing. It is anticipated that utility billing will be functional by the end of FY 2017-18.

Reserves and Fund Balance Policy

In an effort to further improve Pico Rivera's long-term financial health, the City Council first adopted comprehensive reserve policies as part of the Fiscal Year 2016-17 budget adoption process. In June 2016, The City Council first adopted policies that solidified the City's commitment to setting aside funds for economic uncertainty, while expanding the policy to allow for assignments of fund balance for capital projects, equipment replacement, leave accruals, and other expenses. These policies were further refined as part of the FY 2017-18 budget process. This second version of the reserve policies created new assignments focused on setting aside funds for economic development, facility maintenance and energy efficiency projects.

The City is well-positioned to weather potential economic downturns, natural disasters or other calamities which might impinge upon operating revenue. The City's reserves, as governed by the adopted reserve policies, have been classified in an effort to address any number of one-time uses. Future budgets will address these reserves, seeking to further strengthen the City's economic health by setting aside additional fund balance for anticipated uses.

Annual Audit

The accounting firm of White Nelson Diehl Evans LLP, Certified Public Accountants & Consultants performed the annual independent audit. The annual audit is designed to meet the requirements of the Federal Uniform Guidance. 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 and will be available by March, 2018.

Acknowledgments

The Administrative Services Department, Finance Division takes primary responsibility for the preparation and accuracy of this report. The professionalism, commitment and effort of all the members of the Department – with special thanks to Hazel De Guzman, Accountant III who was the lead in ensuring the accurate preparation of this CAFR – 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 and helping ensure the City's continued financial health.

Best regards,



René Bobadilla
City Manager

RB:MS:ey



CITY OF PICO RIVERA

CITY OFFICIALS

June 30, 2017

City Council

Bob J. Archuleta, Mayor

Gustavo V. Camacho, Mayor Pro-Term

David W. Armenta, Councilmember

Gregory Salcido, Councilmember

Brent A. Tercero, Councilmember

Executive Team

City Manager

René Bobadilla, P.E.

Assistant City Manager

Benjamin Cárdenas

Public Works Director / City Engineer

James A. Enriquez, P.E.

Community & Economic Development Director

Steve Carmona

City Clerk

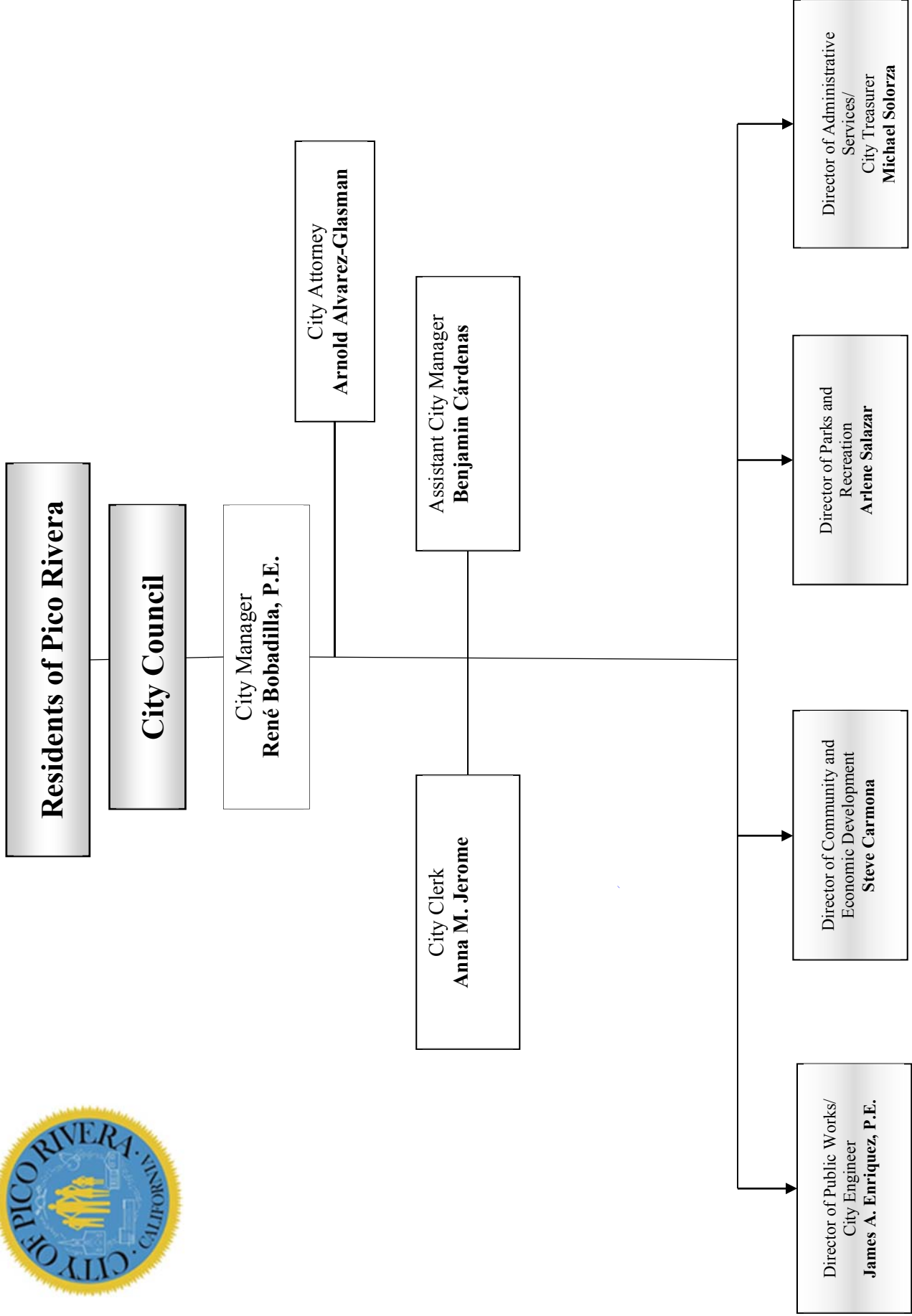
Anna M. Jerome

Parks and Recreation Director

Arlene Salazar

Administrative Services Director / City Treasurer

Michael Solorza





Government Finance Officers Association

**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, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the basic 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 as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability and related ratios for the Miscellaneous and Council Plans, the schedules of contributions for the Miscellaneous and Council Plans, the schedule of money-weighted rate of return for the Council Plan, the schedule of funding progress - other post-employment benefits, and the budgetary comparison schedules for the general and major special revenue funds, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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, combining statements and individual fund schedules (supplementary information), and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the accompanying table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Continued)

Other Information (Continued)

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
February 28, 2018

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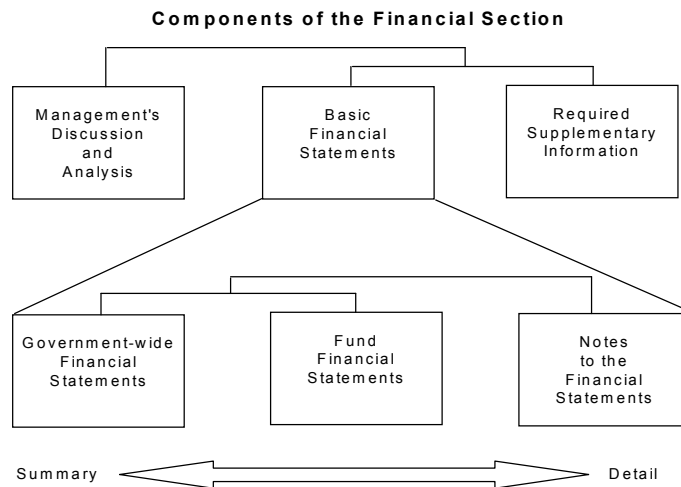
CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

The Management Discussion and Analysis (MD&A) provides a narrative introduction, overview and analysis that will assist in understanding the City's financial statements. We encourage readers to consider the information presented here in conjunction with the City's financial statements as of June 30, 2017, the transmittal letter and the notes to the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: the 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, 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 the private sector.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Net position is then shown as restricted or unrestricted. Over time, increases or decreases in the net position may serve as an 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).

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

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 Public Financing Authority, the Pico Rivera Water Authority, and the Pico Rivera Housing Assistance Agency. 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 19 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.

Since 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.

This document reports twenty-seven (27) governmental funds. Information is presented separately in the governmental funds balance sheet (pages 24 - 25) and in the governmental funds statement of revenues, expenditures and changes in fund balances (pages 28 - 29) for the General Fund, the Housing Agency Section 8 Fund, Federal Grants Fund, and the Capital Improvement Fund since these funds are considered major funds. Data from the additional twenty-three (23) 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 which begins on page 114.

The City adopts an annual appropriated budget for its General Fund as well as its other governmental funds. Budgetary comparison statements are presented on pages 107-109, 114 and 130-148. The governmental fund financial statements can be found on pages 24 through 29 of this report.

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Proprietary Funds - Proprietary funds use the accrual basis of accounting, which is the same method used by private businesses. Proprietary funds can be classified as either “enterprise funds” or “internal service funds.” The City maintains only one type of proprietary fund: enterprise funds. The City has three enterprise funds: the Water Enterprise Fund, the Golf Course Fund and the Sports Arena Fund; and, one internal service fund: Equipment Replacement. The basic proprietary fund financial statements can be found beginning on pages 31 through 34 and pages 150 through 152 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City has two Fiduciary funds: the Successor Agency to the City of Pico Rivera Redevelopment Agency Private-Purpose Trust Fund and the Assessment District 95-1 Improvement Agency Fund. These 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 the full accrual accounting method. The fiduciary fund financial statements can be found on pages 36 and 37 and pages 154 and 155 of this report.

Notes to Financial Statements

The notes to the 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 financial statements can be found beginning on page 39 of this report.

Required Supplementary Information

The required supplementary information (RSI) schedules further explain and support the information in the financial statements. This section includes the schedules of the City’s funding for its employee pension program, other post-employment benefit (OPEB) program and the budgetary comparison for the general and major special revenue funds. The required supplementary information can be found on page 102 through 110 of this report.

Other Supplementary Information

Other supplementary information includes combining and individual budgetary comparison schedules for non-major Governmental Funds, combining statements for other enterprise funds and Agency Funds and Internal Service funds. Other supplementary information can be found on pages 114 through 155 of this report.

FINANCIAL HIGHLIGHTS

Citywide

- Comparing fiscal year ending June 30, 2017 with June 30, 2016, the City’s total net position increased from \$282.433 million to \$281.995 million. Of this amount, there was a decrease in total assets of \$6.235 million to \$409.501 million, an increase in total liabilities of \$618 thousand to \$134.045 million, an increase of deferred outflows of resources of \$5.698 million and a decrease of deferred inflows of resource of \$719 thousand.

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

- Citywide revenues totaled \$64.072 million, a decrease of \$2.404 million over the prior year. Expenses were \$64.51 million, an increase of \$5.982 million over the prior year.
- Citywide capital assets, before depreciation, increased \$1.997 million to \$446.825 million. This increase includes street and park construction projects in progress, completion of street projects partially offset by the auction of obsolete vehicles and equipment.

Governmental Activities

- Governmental Fund revenues decreased \$3.041 million to \$51.700 million (prior to any transfers). This decrease was primarily due to decreases in Operating Grants and Capital Grants of \$1.724 million and \$843 thousand respectively. The City applies for and receives various grants for capital projects, most of which are "reimbursement grants." The progress of a grant funded capital project determines the amount the city is reimbursed for annually. Hence, grant related operating revenue totals will fluctuate.
- Governmental Fund expenditures increased \$5.694 million to \$54.732 million. The majority of this overall increase was in the General Government and Public Safety categories (\$1.503 million and \$932 thousand, respectively). In addition, the refinancing of revenue bonds increased one-time expenditures by \$520 thousand.

General Fund

- General Fund revenues were \$37.907 million, a decrease of \$21 thousand over the prior year. Increases to Taxes and Assessments and Charges for Services totaling \$472 thousand were offset by decreases to Fines and Forfeitures and Miscellaneous (\$491 thousand).
- General Fund expenditures were \$43.425 million, a \$10.331 million increase from the prior year. The majority of this increase was due to the funding of an irrevocable trust established to address unfunded liabilities related to other post-employment benefits. This trust was funded utilizing \$4.0 million in General Fund reserves. In addition, the City refinanced its 2009 Lease Revenue Bonds, and there is a one-time expense of \$2.369 that represents the use of reserve funds as part of the refinancing.
- The fund balance of the General Fund decreased \$4.571 million at June 30, 2017 to \$59.735 million. The majority of this decrease was due to the one-time funding of the irrevocable trust established in October, 2016 to deal with the long-term liabilities associated with other post-employment benefits. This trust was funded with \$4.0 million in General Fund reserves. In addition, there were one-time cost of issuance (COI) expenses associated with the refunding (July, 2016) of the 2009 Lease Revenue Bonds (\$520 thousand).

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Business-Type Activities

The City had three Enterprise Funds in Fiscal Year 2016-17.

Overall, the total net position of these funds increased \$3.638 million to \$19.014 million. Specifically, the net position for the Water Fund, the Golf Course Fund, and the Sports Arena Fund were \$19.094 million, negative \$644 thousand and \$564 thousand, respectively.

- Total current and noncurrent assets increased \$2.009 million to \$83.745 million
- Total current and noncurrent liabilities decreased \$1.077 million to \$65.298 million.
- Total operational revenues increased \$692 thousand to \$10.299 million and operating expenses increased \$287 thousand to \$9.778 million.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City of Pico Rivera is presenting its financial statements under the reporting models required by the Governmental Accounting Standard Board (GASB) pronouncements. The most recent pronouncement, GASB 68, requires the reporting of pension obligations on these financial statements. Shown on the next page is the schedule of Statement of Net Position for the years ended June 30, 2017 and 2016, covering Governmental Activities and Business-Type (i.e., enterprise) Activities.

Net position serves as an indicator of a government's financial position over time. As of June 30, 2017, the City's combined net position (governmental and business-type activities) totaled \$281.995 million, a decrease of \$438 thousand from the prior year.

Net position consists of three categories: net investment in capital assets, restricted assets, and unrestricted assets. The largest amount of the net position (governmental and business-type activities), approximately \$257 million, is the City's investment in capital assets which includes land, buildings, infrastructure, furniture and equipment net of accumulated depreciation and related debt for acquiring these capital assets. Since the capital assets are used to provide services to citizens, these assets are not available to fund the City's day-to-day activities.

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

At June 30, 2017, the City's restricted net position was \$13.274 million or 4.7% of the total net position. These are assets subject to external restrictions, constitutional provisions, or enabling legislation that limit how these assets may be used. The restricted net position includes the Housing Section 8 Grant Fund, Home Grant Fund and various other special revenue funds. The remaining balance of net position of \$12.140 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted amount increased \$4.886 million when compared to the June 30, 2016 amount.

City of Pico Rivera
Statement of Net Position
Fiscal Year ended June 30, 2017 and June 30, 2016

	Governmental Activities		Business - Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and Other Assets	\$ 55,834,319	\$ 59,977,388	\$ 11,126,902	\$ 7,703,209	\$ 66,961,221	\$ 67,680,597
Internal Balances	19,254,734	19,013,771	(19,254,734)	(19,013,771)	-	-
Land held for resale	600,000	600,000			600,000	600,000
Receivables from Successor Agency	14,934,017	14,876,652	25,832,833	27,150,919	40,766,850	42,027,571
Capital Assets	254,387,673	258,545,931	46,785,137	46,882,221	301,172,810	305,428,152
Total Assets	\$ 345,010,743	\$ 353,013,742	\$ 64,490,138	\$ 62,722,578	\$ 409,500,881	\$ 415,736,320
Deferred Outflow of resources	\$ 7,293,656	\$ 2,056,305	\$ 756,437	\$ 296,178	\$ 8,050,093	\$ 2,352,483
Liabilities:						
Current liabilities	11,145,526	11,618,404	1,816,637	1,348,534	12,962,163	12,966,938
Long-term liabilities	33,182,701	32,130,339	40,129,970	42,365,820	73,312,671	74,496,159
Net OPEB Obligation	14,957,698	16,950,425			14,957,698	16,950,425
Net Pension Liabilities	28,485,966	25,366,413	4,096,656	3,646,800	32,582,622	29,013,213
Total Liabilities	\$ 87,771,891	\$ 86,065,581	\$ 46,043,263	\$ 47,361,154	\$ 133,815,154	\$ 133,426,735
Deferred Inflows of resources	\$ 1,321,071	\$ 1,947,461	\$ 189,303	\$ 281,617	\$ 1,510,374	\$ 2,229,078
Net Position:						
Net investment in capital assets	223,976,465	231,562,736	32,604,651	31,761,672	256,581,116	263,324,408
Restricted	13,274,422	11,854,987	-	-	13,274,422	11,854,987
Unrestricted	25,960,550	23,639,282	(13,590,642)	(16,385,687)	12,369,908	7,253,595
Total Net Position	\$ 263,211,437	\$ 267,057,005	\$ 19,014,009	\$ 15,375,985	\$ 282,225,446	\$ 282,432,990

See independent auditors' report

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Governmental Activities - Governmental activities' assets decreased \$8.003 million to \$345.011 million, liabilities increased \$1.936 million to \$88.002 million, and total net position decreased \$4.076 million to \$262.981 million when compared to the prior year.

- Cash and investments increased \$517 thousand to \$44.320 million.
- Long term liabilities, increased \$2.179 million. There was a decrease of \$1.993 million in the net OPEB obligation. However, that was offset by an increase in liabilities related to the net pension liability (\$3.120 million).
- There was \$28.486 million in pension liabilities included in the financial statements along with deferred outflow of resources and deferred inflows of resources that are related to the implementation of GASB 68, which was first effective for fiscal years ending June 30, 2015 and was first reported in the financial statements for Fiscal Years 2014-15.

Business-Type Activities - Business-type activities assets increased \$1.768 million to \$64.490 million. Liabilities decreased \$1.318 million to \$46.043 million and the total net position increased \$3.638 million to \$19.014 million.

- Long-term liabilities decreased \$2.236 million to \$40.130 million.
- The share of Net pension liability – due to required GASB 68 reporting first effective for fiscal years ending June 30, 2015 – was \$4.097 million.

The Statement of Activities for the Governmental Activities and Business-type Activities is shown on the following page.

Governmental Activities – Total revenues decreased \$3.041 million and expenses increased \$5.694 million when compared to the previous year.

- Program revenues decreased \$3.202 million. Charges for Services and Capital Grants and Contributions revenue Operating Grants and Contributions decreased.
- General revenues increased \$161 thousand. There was an increase in property taxes accounting for the majority of the increase in this revenue category (\$542 thousand). The overall increase in General Revenues was offset by a decrease in Sales Tax, Franchise Tax and Utility Users Tax revenues (\$310 thousand).
- Expenses increased \$5.694 million. There were increases in General Government and Public Safety totaling \$2.436 million.

Business-Type Activities - The Water Fund is the primary enterprise fund and most variances relate to this fund.

- Revenue increased by \$636 thousand and expenses also increased (\$287 thousand).

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

City of Pico Rivera
Statement of Activities
Fiscal Year ended June 30, 2017 and June 30,2016

	Governmental Activities		Business - Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for services	4,309,593	4,945,197	10,298,569	9,606,892	14,608,162	14,552,089
Operating grants and contributions	11,093,802	12,817,403			11,093,802	12,817,403
Capital grants and contributions	778,116	1,620,798			778,116	1,620,798
General Revenues:						
Property taxes	10,591,691	10,049,454			10,591,691	10,049,454
Sales and use taxes	17,637,948	17,766,538			17,637,948	17,766,538
Franchise taxes	1,582,026	1,654,275			1,582,026	1,654,275
Utility users taxes	3,276,321	3,385,361			3,276,321	3,385,361
Other taxes	1,632,337	1,850,151			1,632,337	1,850,151
Investment earnings	347,422	193,684	2,073,537	2,128,937	2,420,959	2,322,621
Miscellaneous	450,783	457,776			450,783	457,776
Total Revenues	51,700,039	54,740,637	12,372,106	11,735,829	64,072,145	66,476,466
Expenses						
General Government	10,048,704	8,790,816			10,048,704	8,790,816
Public safety	12,330,023	10,468,357			12,330,023	10,468,357
Public works	15,104,130	14,472,969			15,104,130	14,472,969
Parks and recreation	6,263,237	5,585,521			6,263,237	5,585,521
Health and welfare	5,587,157	5,266,352			5,587,157	5,266,352
Community development	2,540,908	2,827,231			2,540,908	2,827,231
Interest and fiscal charges	2,107,582	1,626,960			2,107,582	1,626,960
Bond issuance costs	520,424				520,424	-
Enterprise operations			9,777,524	9,490,244	9,777,524	9,490,244
Total Expenses	54,502,165	49,038,206	9,777,524	9,490,244	64,279,689	58,528,450
Increase/Decrease in net position before transfers and special item	(2,802,126)	5,702,431	2,594,582	2,245,585	(207,544)	7,948,016
Transfers	(1,043,442)	479,232	1,043,442	(479,232)	-	-
Special item	-	(704,496)		704,496	-	-
Increase/Decrease in net position	(3,845,568)	5,477,167	3,638,024	2,470,849	(207,544)	7,948,016
Change in net position:						
Net Positon - Beginning of Year	267,057,005	261,579,838	15,375,985	12,905,136	282,432,990	274,484,974
Net Position - End of Year	263,211,437	267,057,005	19,014,009	15,375,985	282,225,446	282,432,990

See independent auditors' report

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

FUND FINANCIAL STATEMENTS

Governmental Funds - The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows and outflows during the fiscal year and balances of spendable resources at the end of the fiscal year. Such information may be useful in assessing the City's financing requirements to meet the current needs. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for appropriation.

As of June 30, 2017 the City's governmental funds reported a combined ending fund balance of \$71.513 million as shown on page 25. The fund balance categories of governmental funds displayed \$25.210 million as nonspendable, \$12.927 as restricted, \$9.477 million as committed, \$14.427 million as assigned, and \$9.472 million as unassigned. (Please refer to Note Number 12 of the Notes to Financial Statements for a detailed breakdown.)

The City chooses to report four major governmental funds: the General Fund, the Special Revenue Housing Agency Section 8 Fund, Special Revenue Federal Grants Fund, and the Capital Projects Capital Improvement Fund which are described below. Major Funds are defined generally as having significant activities or balances in the current year. Other governmental individual funds may be found in the Supplemental section begins on page 115.

General Fund - The General Fund is the chief operating fund of the City and is used for all the general revenues of the City not specifically levied or collected for other City funds and its related expenditures. At the end of the current fiscal year, the General Fund had a fund balance of \$59.735 million, a decrease of \$4.571 million from the previous year. The nonspendable amount is \$25.210 million, the committed amount is \$9.477 million, the assigned amount is \$14.427 million and the unassigned amount is \$10.621 million.

Housing Agency Section 8 Fund - This Fund accounts for monies received from the U.S. Department of Housing and Urban Development for rental assistance for very low and low income families to meet their housing needs. During the year, \$5.268 million in revenue was received and \$5.098 million was spent. The ending fund balance was \$625 thousand.

Federal Grants Fund - The Federal Grants Fund accounts for monies received from the United States (Federal) government for the rehabilitation of streets, intersections and parkway improvements. During the year, \$323 thousand was either received or billed and \$41 thousand was transferred to the Capital Improvement Fund where it was spent on capital projects. The ending fund balance was a negative \$701 thousand.

Capital Improvement Fund - The Capital Improvement Fund is a capital improvements fund that accounts for all governmental type fund capital expenditures. Monies are transferred in from other city funds and spent from this fund (\$1.898 million). The Capital Improvement Fund has an ending balance of negative \$46 thousand. During the fiscal year, \$2.454 million was spent on various capital projects.

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Business-type Activities – Enterprise Funds

There is one major fund in the enterprise fund group, the Water Operations Enterprise fund, which is discussed below.

Water Operations Enterprise Fund - The Water Operations Enterprise Fund accounts for the operation and maintenance of the City's water treatment, water transmission and distribution system. During the year, \$8.820 million was collected as charges for services and expenses were \$5.706 million. There were additional monies received as investment income as well as payments on bonded debt and transfers to other funds. Overall, there was a profit of \$3.114 million (operating revenues over operating expenses) and the Water Fund's net position increased by \$3.814 million from the prior year to \$19.094 million.

Please refer to pages 24 and 25 for the Balance Sheet of Governmental Funds, page 27 for the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, pages 28 and 29 for the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds, and page 30 for the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities. For the Water Operations Enterprise Fund, see pages 31 through 34.

Capital Assets Administration

The City's investment in capital assets for its governmental activities at June 30, 2017 was \$254.388 million (net of accumulated depreciation of \$125.523 million). The investment in capital assets includes land, buildings, structures and improvements, infrastructure (roads, sidewalks, streetlights, etc.), furniture, vehicles and equipment, and construction in progress.

**City of Pico Rivera
Capital Assets(Net of Accumulated Depreciation)
Fiscal Year ended June 30, 2017 and June 30,2016**

	Governmental Activities		Business - Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land*	\$ 118,849,013	\$ 118,849,013	\$ 18,174,063	\$ 18,174,063	\$ 137,023,076	\$ 137,023,076
Structures & Improvements	21,445,150	21,445,150	5,013,837	5,013,837	26,458,987	26,458,987
Furniture, Equipment & Vehicles	6,291,096	6,519,502	995,024	1,006,088	7,286,120	7,525,590
Infrastructure	222,844,519	220,412,921	13,361,705	13,172,164	236,206,224	233,585,085
Construction in progress	10,481,100	11,298,311	2,003,407	1,571,044	12,484,507	12,869,355
Rights of Way			5,579,916	5,579,916	5,579,916	5,579,916
Utility Plant			21,785,673	21,785,673	21,785,673	21,785,673
Total Capital Assets	\$ 379,910,878	\$ 378,524,897	66,913,625	66,302,785	446,824,503	444,827,682
Less depreciation	(125,523,203)	(119,978,966)	(20,128,489)	(19,420,562)	(139,399,528)	(139,399,528)
Net Capital Assets	\$ 254,387,675	\$ 258,545,931	\$ 46,785,136	\$ 46,882,223	\$ 307,424,975	\$ 305,428,154

*Includes value of "Water Rights" for Business-Type Activities

See independent auditors' report

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Additional information on the City's capital assets can be found in note 5 to the basic financial statements on pages 62 and 63 of this report.

Debt Administration

As of June 30, 2017, the City had total debt outstanding of \$120.853 million, an increase of \$393 thousand. Debt includes bonded, pension obligation, post employment benefits, capital lease obligation and compensated absences. State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The current debt limitation for the City is \$711 million.

**City of Pico Rivera
Outstanding Debt
Fiscal Year ended June 30, 2017 and June 30,2016**

	Governmental Activities		Business - Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Bonded Indebtedness:						
Revenue bonds	29,490,000	30,470,000	39,900,000	42,145,000	69,390,000	72,615,000
Bond premium	2,948,350	1,040,767	471,655	511,513	3,420,005	1,552,280
Deferred Amount on Refunding*	(2,027,142)				(2,027,142)	-
Bond discount			(358,336)	(385,045)	(358,336)	(385,045)
Other long-term debt:						
Net pension liabilities	28,485,966	25,366,413	4,096,656	3,646,800	32,582,622	29,013,213
Other post-employ. Benefits	14,957,698	16,950,425			14,957,698	16,950,425
Compensated absences	744,351	619,572	116,651	94,352	861,002	713,924
Total Indebtedness	74,599,223	74,447,177	44,226,626	46,012,620	118,825,849	120,459,797

*Amount related to refunding of 2009 Lease Revenue Bonds

Governmental activities - Governmental activities total indebtedness increased during the year by \$2.179 million. The increase is primarily due to the increase in net pension liabilities of \$3.120 million. In addition, the City refinanced its 2009 Lease Revenue Bonds, leading to a decrease in indebtedness of \$980 thousand. Overall, governmental activities total indebtedness at year end is \$76.626 million. Please refer to note 6 beginning on page 64 for further detail.

Business-type activities - Business-type activities total indebtedness decreased during the year by \$1.786 million. The decrease is primarily due to reductions in revenue bond debt. Overall, business-type debt at year end is \$44.227 million. Please refer to note 6 beginning on page 64 for further detail.

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The General Fund realized a \$5.518 million deficit (operating revenues less operating expenditures) as of June 30, 2017. This deficit was due entirely too several one-time expenses. These one-time expenses were focused on addressing (i.e., reducing) long-term liabilities. These one-time uses of fund balance are designed to help the City weather increases in retiree health costs, pension expenses and bond debt.

The largest one-time expense was the \$4.0 million deposited in an irrevocable trust established to address other post-employment benefit (OPEB) liabilities. The use of these reserves – which had previously been set-aside in the General Fund for this purpose – reduced unfunded OPEB liabilities by one-third. These assets are invested in a manner that will help the principal amount grow, with proceeds eventually being enough to begin paying the on-going costs related to retiree health care expenses.

There were also one-time costs related to the refinancing of the City's 2009 Lease Revenue Bonds. Approximately \$520 thousand dollars in one-time expenses were related to cost of issuance in refinancing these bonds. This refinancing saves the City approximately \$400 thousand annually in lower debt service payments. In addition, \$2.369 million in bond reserves were utilized as part of the refinancing, and are shown as "payments to refunding escrow agent" on the "Statement of Revenues, Expenditures and Changes in Fund Balances."

The City also offered a one-time six month pay out to long-term employees. This effort was done to lower pension costs, as classic employees (i.e., those employees with a more generous pension benefit) have a higher annual pension cost to the City. As the City re-organizes, new employees will have a lower pension cost due to less generous pension benefits (i.e., the impact of AB340, Public Employees Pension Reform Act, PEPRA).

All of these one-time expenses led to the one-time use of \$5.288 million in fund balance. Revenue was generally flat year-over-year, showing a \$21 thousand decrease from the prior year. In addition to the one-time expenses, there were increases in Public Safety (i.e., Los Angeles County Sheriff contract), Parks and Recreation (increased full-time and hourly salaries due to additional programming) and Public Works (increased graffiti abatement efforts) expenses.

Looking ahead, the City Council approved a Fiscal Year 2017-18 General Fund operating budget with a \$340,000 surplus. The City Council considers a mid-year budget review each fiscal year and this may indicate additional savings and/or improved revenue streams for the 2017-18 fiscal year.

The relative health of the City's finances can be attributed to recent efforts that focus on proper alignment of ongoing expenditures with ongoing revenues. Part of this effort was the introduction of zero-based budgeting beginning with the 2015-16 fiscal year. While Pico Rivera has enjoyed positive financial health, it is important that all efforts are made to gird against any future economic downturns which would impinge upon the City's main sources of revenue: sales and property tax. While the nation's economy continues to improve – albeit at a slower pace than in prior post-recession recoveries – no City is immune to any future slowdowns in the economy.

For this reason it is important that the City continues to develop responsible budgets that provide essential services to our residents and fulfills City Council priorities. The efforts to focus on Pico Rivera's fiscal health will continue as subsequent budgets are developed, keeping in mind the Financial Infrastructure strategic plan and its emphasis on creating, maintaining and ensuring Financial Sustainability. The focus

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

on overall financial health is both near-term and long-term: preparing annual budgets that are balanced while utilizing reserves to reduce future liabilities in a targeted and meaningful manner.

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 Administrative Services, City of Pico Rivera, California.

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CITY OF PICO RIVERA

STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and investments	\$ 44,320,191	\$ 4,829,095	\$ 49,149,286
Restricted cash and investments:			
Cash and investments with fiscal agents	-	4,714,430	4,714,430
Escrow deposits	19,699	-	19,699
Receivables, net			
Accounts	1,817,812	1,539,071	3,356,883
Taxes	4,258,255	-	4,258,255
Interest	59,853	20,301	80,154
Internal balances	19,254,734	(19,254,734)	-
Inventories	-	24,005	24,005
Prepaid items	94,657	-	94,657
Long-term receivables	5,263,852	-	5,263,852
Land held for resale	600,000	-	600,000
Receivables from Successor Agency	14,934,017	25,832,833	40,766,850
Capital assets, not depreciated	129,330,111	25,757,386	155,087,497
Capital assets, depreciated, net	125,057,562	21,027,751	146,085,313
TOTAL ASSETS	345,010,743	64,490,138	409,500,881
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amount on refunding	2,027,142	-	2,027,142
Amounts related to pension plans	5,266,514	756,437	6,022,951
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,293,656	756,437	8,050,093
LIABILITIES:			
Accounts payable	3,406,116	797,916	4,204,032
Accrued interest payable	356,600	263,665	620,265
Accrued liabilities	584,052	113,193	697,245
Deposits	960,499	624,461	1,584,960
Retention payable	101,402	17,402	118,804
Due to other agencies	5,967,146	-	5,967,146
Long-term liabilities:			
Due within one year	1,013,870	2,391,665	3,405,535
Due in more than one year	32,168,831	37,738,305	69,907,136
Net OPEB obligation - due in more than one year	14,957,698	-	14,957,698
Net pension liability - due in more than one year	28,485,966	4,096,656	32,582,622
TOTAL LIABILITIES	88,002,180	46,043,263	134,045,443
DEFERRED INFLOWS OF RESOURCES:			
Amounts related to pension plans	1,321,071	189,303	1,510,374
NET POSITION:			
Net investment in capital assets	223,976,465	32,604,651	256,581,116
Restricted for public safety	6,155	-	6,155
Restricted for community development	5,388,734	-	5,388,734
Restricted for transportation	4,498,448	-	4,498,448
Restricted for low- and moderate-income housing	2,659,290	-	2,659,290
Restricted for other purposes	721,795	-	721,795
Unrestricted	25,730,261	(13,590,642)	12,139,619
TOTAL NET POSITION	\$ 262,981,148	\$ 19,014,009	\$ 281,995,157

See accompanying notes to financial statements.

CITY OF PICO RIVERA

STATEMENT OF ACTIVITIES

For the year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 10,294,470	\$ 739,432	\$ 733,601	\$ -
Public safety	11,400,486	962,627	188,657	-
Public works	15,088,653	786,053	3,368,775	778,116
Parks and recreation	6,263,237	773,631	771,727	-
Health and welfare	5,587,157	174,314	82,075	-
Community development	3,470,445	873,536	5,948,967	-
Interest and fiscal charges	2,107,582	-	-	-
Bond issuance costs	520,424	-	-	-
Total governmental activities	<u>54,732,454</u>	<u>4,309,593</u>	<u>11,093,802</u>	<u>778,116</u>
Business-Type activities:				
Water	8,155,205	8,819,676	-	-
Sports arena	196,508	313,141	-	-
Golf	1,425,811	1,165,752	-	-
Total business-type activities	<u>9,777,524</u>	<u>10,298,569</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 64,509,978</u>	<u>\$ 14,608,162</u>	<u>\$ 11,093,802</u>	<u>\$ 778,116</u>

General revenues:

Taxes:

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

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying notes to financial statements.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (8,821,437)	\$ -	\$ (8,821,437)
(10,249,202)	-	(10,249,202)
(10,155,709)	-	(10,155,709)
(4,717,879)	-	(4,717,879)
(5,330,768)	-	(5,330,768)
3,352,058	-	3,352,058
(2,107,582)	-	(2,107,582)
(520,424)	-	(520,424)
<u>(38,550,943)</u>	<u>-</u>	<u>(38,550,943)</u>
-	664,471	664,471
-	116,633	116,633
-	(260,059)	(260,059)
<u>-</u>	<u>521,045</u>	<u>521,045</u>
<u>(38,550,943)</u>	<u>521,045</u>	<u>(38,029,898)</u>
10,591,691	-	10,591,691
17,637,948	-	17,637,948
1,582,026	-	1,582,026
3,276,321	-	3,276,321
1,632,337	-	1,632,337
347,422	2,073,537	2,420,959
450,783	-	450,783
<u>(1,043,442)</u>	<u>1,043,442</u>	<u>-</u>
<u>34,475,086</u>	<u>3,116,979</u>	<u>37,592,065</u>
(4,075,857)	3,638,024	(437,833)
<u>267,057,005</u>	<u>15,375,985</u>	<u>282,432,990</u>
<u>\$ 262,981,148</u>	<u>\$ 19,014,009</u>	<u>\$ 281,995,157</u>

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CITY OF PICO RIVERA

DESCRIPTION OF MAJOR FUNDS

June 30, 2017

GOVERNMENTAL FUNDS

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.

Housing Agency Section 8 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 US Department of Housing and Urban Development.

Federal Grants Special Revenue Fund accounts for funds received from the US (federal) government for the rehabilitation of streets and intersections, bridge construction, and parkway improvements.

Capital Improvement Capital Projects Fund accounts for activity related to the City's capital projects other than those accounted for in the Enterprise Fund.

ENTERPRISE FUND

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

INTERNAL SERVICE FUND

This fund accounts for the financing of services provided from one department to another on a cost-reimbursement basis.

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

CITY OF PICO RIVERA

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2017

	General	Special Revenue Funds	
		Housing Agency Section 8	Federal Grants
ASSETS			
Cash and investments	\$ 31,941,681	\$ 716,872	\$ -
Restricted cash and investments:			
Cash and investments with fiscal agents	-	-	-
Escrow deposits	-	19,699	-
Receivables:			
Accounts	194,790	-	720,620
Taxes	4,220,650	-	-
Interest	25,551	358	-
Due from other funds	2,569,834	-	-
Advance to other funds	18,260,812	-	-
Long-term receivables	-	-	-
Prepaid items	77,178	-	-
Land held for resale	-	-	-
Receivables from Successor Agency	12,922,861	-	-
TOTAL ASSETS	\$ 70,213,357	\$ 736,929	\$ 720,620
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 2,789,208	\$ 652	\$ -
Accrued liabilities	524,596	37,886	-
Due to other funds	176,000	53,986	701,462
Deposits	940,800	19,699	-
Retention payable	-	-	-
Due to other agencies	-	-	-
TOTAL LIABILITIES	4,430,604	112,223	701,462
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	6,048,280	-	720,620
FUND BALANCES (DEFICIT):			
Nonspendable	25,209,917	-	-
Restricted	-	624,706	-
Committed	9,476,700	-	-
Assigned	14,426,700	-	-
Unassigned	10,621,156	-	(701,462)
TOTAL FUND BALANCES (DEFICIT)	59,734,473	624,706	(701,462)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 70,213,357	\$ 736,929	\$ 720,620

See accompanying notes to financial statements.

Capital Projects Fund Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 242,339	\$ 10,613,519	\$ 43,514,411
-	-	-
-	-	19,699
-	902,402	1,817,812
-	37,605	4,258,255
-	33,944	59,853
-	-	2,569,834
-	-	18,260,812
-	5,263,852	5,263,852
6,879	10,600	94,657
600,000	-	600,000
-	2,011,156	14,934,017
<u>\$ 849,218</u>	<u>\$ 18,873,078</u>	<u>\$ 91,393,202</u>

\$ 186,842	\$ 310,790	\$ 3,287,492
-	21,569	584,051
6,623	637,841	1,575,912
-	-	960,499
101,402	-	101,402
600,000	5,367,146	5,967,146
<u>894,867</u>	<u>6,337,346</u>	<u>12,476,502</u>

-	635,285	7,404,185
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-	-	25,209,917
-	12,302,730	12,927,436
-	-	9,476,700
-	-	14,426,700
(45,649)	(402,283)	9,471,762
<u>(45,649)</u>	<u>11,900,447</u>	<u>71,512,515</u>

<u>\$ 849,218</u>	<u>\$ 18,873,078</u>	<u>\$ 91,393,202</u>
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CITY OF PICO RIVERA

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

June 30, 2017

Fund balances (deficits) for governmental funds		\$ 71,512,515
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	\$ 379,910,876	
Less accumulated depreciation	<u>(125,523,203)</u>	254,387,673
Interest receivable on certain long-term loans and certain grants receivable are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. In the statement of net position, these receivables are recognized as earned revenues.		7,404,185
Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the statement of net position.		687,156
Long-term liabilities and related accrued interest payable are not due and payable in the current period and therefore are not reported in the governmental funds:		
Compensated absences	\$ (744,351)	
Accrued interest payable	(356,600)	
Other post-employment benefits	(14,957,698)	
Revenue bonds payable	<u>(30,411,208)</u>	(46,469,857)
Pension-related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position as the changes in these amounts affect only the government-wide statements for governmental activities:		
Deferred outflows of resources	\$ 5,266,514	
Deferred inflows of resources	(1,321,071)	
Net pension liability	<u>(28,485,967)</u>	<u>(24,540,524)</u>
Net position of governmental activities		<u>\$ 262,981,148</u>

See accompanying notes to financial statements.

CITY OF PICO RIVERA

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

For the year ended June 30, 2017

	General	Special Revenue Funds	
		Housing Agency Section 8	Federal Grants
REVENUES:			
Taxes and assessments	\$ 31,852,855	\$ -	\$ -
Licenses and permits	2,442,190	-	-
Intergovernmental	298,576	5,229,036	322,636
Charges for services	2,018,892	-	-
Fines, forfeitures, and penalties	898,203	-	-
Investment and rental	91,218	1,617	-
Miscellaneous	304,905	37,261	-
TOTAL REVENUES	<u>37,906,839</u>	<u>5,267,914</u>	<u>322,636</u>
EXPENDITURES:			
Current:			
General government	11,573,687	-	-
Public safety	11,358,158	-	-
Public works	8,626,627	-	-
Parks and recreation	4,606,045	-	-
Health and welfare	-	5,097,637	-
Community development	2,735,317	-	-
Capital outlay	-	-	-
Debt service:			
Principal	980,000	-	-
Interest and fiscal charges	655,944	-	-
Bond issuance costs	520,424	-	-
Payments to refunding escrow agent	2,368,685	-	-
TOTAL EXPENDITURES	<u>43,424,887</u>	<u>5,097,637</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,518,048)</u>	<u>170,277</u>	<u>322,636</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	2,070,564	-	10,000
Transfers out	(1,655,306)	-	(40,925)
Proceeds from bond issuance	30,470,000	-	-
Bond premium	3,082,378	-	-
Payments to refunding escrow agent	(33,021,008)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>946,628</u>	<u>-</u>	<u>(30,925)</u>
NET CHANGE IN FUND BALANCES	(4,571,420)	170,277	291,711
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>64,305,893</u>	<u>454,429</u>	<u>(993,173)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 59,734,473</u>	<u>\$ 624,706</u>	<u>\$ (701,462)</u>

See accompanying notes to financial statements.

Capital Projects Fund Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,740,069	\$ 34,592,924
-	-	2,442,190
-	6,077,350	11,927,598
-	103,467	2,122,359
-	-	898,203
-	395,534	488,369
-	198,317	540,483
-	9,514,737	53,012,126
-	245,602	11,819,289
-	17,415	11,375,573
-	1,629,157	10,255,784
-	768,214	5,374,259
-	489,520	5,587,157
-	700,492	3,435,809
2,453,883	-	2,453,883
-	-	980,000
-	-	655,944
-	-	520,424
-	-	2,368,685
2,453,883	3,850,400	54,826,807
(2,453,883)	5,664,337	(1,814,681)
1,897,896	7,863	3,986,323
-	(3,333,534)	(5,029,765)
-	-	30,470,000
-	-	3,082,378
-	-	(33,021,008)
1,897,896	(3,325,671)	(512,072)
(555,987)	2,338,666	(2,326,753)
510,338	9,561,781	73,839,268
\$ (45,649)	\$ 11,900,447	\$ 71,512,515

CITY OF PICO RIVERA

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

For the year ended June 30, 2017

Net change in fund balances - total governmental funds		\$ (2,326,753)
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 expenses in the current period:		
Capital expenditures	\$ 1,918,150	
Depreciation expense	<u>(6,076,408)</u>	(4,158,258)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Adjustment to interest income on notes receivable and advances to other funds	\$ 57,364	
Grant revenue not available to pay for current-period expenditures	<u>(1,372,173)</u>	(1,314,809)
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:		
Decrease in net other post-employment obligation	\$ 1,992,727	
Net change in compensated absences	<u>(124,779)</u>	1,867,948
Long-term liability activities are presented as financing sources and uses in the governmental funds but are reported as long-term liabilities in the statement of net position:		
Principal payments on long-term liabilities	980,000	
Proceeds from bonds issued	(30,470,000)	
Premiums on bonds issued	(3,082,378)	
Payment to refunding escrow agent	35,389,693	
Change in accrued interest	<u>(1,451,638)</u>	1,365,677
Internal service funds were used by management to charge the cost of certain activities to the individual funds. The net revenue of the internal service funds was reported with governmental activities.		(226,710)
Pension expense reported in the governmental funds includes the actual contributions made in the fiscal year. Pension expense reported in the statement of activities includes the changes in the net pension liability and pension related deferred outflows/inflows of resources.		
Change in net pension liability	\$ (3,119,551)	
Change in deferred outflows of resources related to pensions	3,210,209	
Change in deferred inflows of resources related to pensions	<u>626,390</u>	<u>717,048</u>
Change in net position of governmental activities		<u>\$ (4,075,857)</u>

See accompanying notes to financial statements.

CITY OF PICO RIVERA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

June 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental
	Water Operations	Other Funds	Total	Activities Equipment Replacement Internal Service Fund
ASSETS:				
CURRENT ASSETS:				
Cash and investments	\$ 4,415,583	\$ 413,512	\$ 4,829,095	\$ 805,780
Receivables, net:				
Accounts	1,329,419	209,652	1,539,071	-
Interest	19,504	797	20,301	-
Due from other funds	176,000	-	176,000	-
Inventories, at cost	-	24,005	24,005	-
TOTAL CURRENT ASSETS	5,940,506	647,966	6,588,472	805,780
NONCURRENT ASSETS:				
Restricted cash and investments with fiscal agent	4,714,430	-	4,714,430	-
Receivables from Successor Agency	25,832,833	-	25,832,833	-
Capital assets, not depreciated	25,715,073	42,313	25,757,386	-
Capital assets, depreciated, net	20,369,553	658,198	21,027,751	-
TOTAL NONCURRENT ASSETS	76,631,889	700,511	77,332,400	-
TOTAL ASSETS	82,572,395	1,348,477	83,920,872	805,780
DEFERRED OUTFLOWS OF RESOURCES:				
Amount related to pensions	752,832	3,605	756,437	-
LIABILITIES:				
CURRENT LIABILITIES:				
Accounts payable	608,220	189,696	797,916	118,624
Accrued interest payable	263,665	-	263,665	-
Accrued liabilities	65,444	47,749	113,193	-
Due to other funds	-	1,169,922	1,169,922	-
Deposits	620,178	4,283	624,461	-
Retentions payable	17,402	-	17,402	-
Bonds payable - current portion	2,380,000	-	2,380,000	-
Compensated absences - current portion	11,665	-	11,665	-
TOTAL CURRENT LIABILITIES	3,966,574	1,411,650	5,378,224	118,624
NONCURRENT LIABILITIES:				
Advance from other funds	18,260,812	-	18,260,812	-
Bonds payable	37,633,319	-	37,633,319	-
Compensated absences	104,986	-	104,986	-
Net pension liability	4,077,133	19,523	4,096,656	-
TOTAL NONCURRENT LIABILITIES	60,076,250	19,523	60,095,773	-
TOTAL LIABILITIES	64,042,824	1,431,173	65,473,997	118,624
DEFERRED INFLOWS OF RESOURCES:				
Amounts related to pensions	188,401	902	189,303	-
NET POSITION:				
Net investment in capital assets	31,904,140	700,511	32,604,651	-
Unrestricted	(12,810,138)	(780,504)	(13,590,642)	687,156
TOTAL NET POSITION	\$ 19,094,002	\$ (79,993)	\$ 19,014,009	\$ 687,156

See accompanying notes to financial statements.

CITY OF PICO RIVERA

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

For the year ended June 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Operations	Other Funds	Total	Equipment Replacement Internal Service Fund
OPERATING REVENUES:				
Charges for services	\$ 8,740,899	\$ 1,478,893	\$ 10,219,792	\$ -
Miscellaneous	78,777	-	78,777	2,720
TOTAL OPERATING REVENUES	8,819,676	1,478,893	10,298,569	2,720
OPERATING EXPENSES:				
Salaries and benefits	1,723,284	28,316	1,751,600	-
Contractual services	257,997	164,842	422,839	-
Insurance claims and expenses	358,853	2,674	361,527	-
Administrative	735,621	1,045,609	1,781,230	-
Utilities	295,277	222,546	517,823	-
Repairs and maintenance	1,723,096	51,049	1,774,145	229,430
Depreciation	611,708	107,283	718,991	-
TOTAL OPERATING EXPENSES	5,705,836	1,622,319	7,328,155	229,430
OPERATING INCOME (LOSS)	3,113,840	(143,426)	2,970,414	(226,710)
NONOPERATING REVENUES (EXPENSES):				
Investment income	2,071,299	2,238	2,073,537	-
Interest expense	(2,449,369)	-	(2,449,369)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(378,070)	2,238	(375,832)	-
INCOME (LOSS) BEFORE TRANSFERS	2,735,770	(141,188)	2,594,582	(226,710)
TRANSFERS IN	1,078,597	499	1,079,096	-
TRANSFERS OUT	-	(35,654)	(35,654)	-
CHANGES IN NET POSITION	3,814,367	(176,343)	3,638,024	(226,710)
NET POSITION - BEGINNING OF YEAR	15,279,635	96,350	15,375,985	913,866
NET POSITION - END OF YEAR	\$ 19,094,002	\$ (79,993)	\$ 19,014,009	\$ 687,156

See accompanying notes to financial statements.

CITY OF PICO RIVERA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Other</u>	<u>Total</u>	<u>Activities</u>
	<u>Operations</u>	<u>Funds</u>		<u>Equipment</u>
				<u>Replacement</u>
				<u>Internal Service</u>
				<u>Fund</u>
CASH FLOWS FROM				
OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 8,837,638	\$ 1,395,168	\$ 10,232,806	\$ 2,720
Payments to suppliers	(3,049,911)	(1,399,727)	(4,449,638)	(110,806)
Payments to employees	(1,769,891)	(29,410)	(1,799,301)	-
NET CASH PROVIDED (USED)				
BY OPERATING ACTIVITIES	<u>4,017,836</u>	<u>(33,969)</u>	<u>3,983,867</u>	<u>(108,086)</u>
CASH FLOWS FROM NONCAPITAL				
FINANCING ACTIVITIES:				
Advance to general fund	(176,000)	-	(176,000)	-
Proceeds from receivable from Successor Agency	1,410,000	-	1,410,000	-
Transfers received from other funds	1,078,597	499	1,079,096	-
Transfers paid to other funds	-	(35,654)	(35,654)	-
Proceeds from other funds	-	416,963	416,963	-
NET CASH PROVIDED BY				
NONCAPITAL FINANCING ACTIVITIES	<u>2,312,597</u>	<u>381,808</u>	<u>2,694,405</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND				
RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(621,909)	-	(621,909)	-
Principal retired	(2,245,000)	-	(2,245,000)	-
Interest paid	(2,576,678)	-	(2,576,678)	-
NET CASH USED BY CAPITAL AND				
RELATED FINANCING ACTIVITIES	<u>(5,443,587)</u>	<u>-</u>	<u>(5,443,587)</u>	<u>-</u>
CASH FLOWS FROM				
INVESTING ACTIVITIES:				
Interest received	<u>2,061,775</u>	<u>1,578</u>	<u>2,063,353</u>	<u>-</u>
NET INCREASE (DECREASE) IN				
CASH AND CASH EQUIVALENTS	2,948,621	349,417	3,298,038	(108,086)
CASH AND CASH EQUIVALENTS -				
BEGINNING OF YEAR	<u>6,181,392</u>	<u>64,095</u>	<u>6,245,487</u>	<u>913,866</u>
CASH AND CASH EQUIVALENTS -				
END OF YEAR	<u>\$ 9,130,013</u>	<u>\$ 413,512</u>	<u>\$ 9,543,525</u>	<u>\$ 805,780</u>

(Continued)

See accompanying notes to financial statements.

CITY OF PICO RIVERA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (CONTINUED)

For the year ended June 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Operations	Other Funds	Total	Equipment Replacement Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 3,113,840	\$ (143,426)	\$ 2,970,414	\$ (226,710)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	611,708	107,283	718,991	-
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in accounts receivables	(29,766)	(83,725)	(113,491)	-
(Increase) decrease in inventories	-	5,348	5,348	-
(Increase) decrease in deferred outflows of resources - amount related to pensions	(25,076)	(120)	(25,196)	-
Increase (decrease) in accounts payable	303,756	61,849	365,605	118,624
Increase (decrease) in accrued liabilities	33,321	16,176	49,497	-
Increase (decrease) in deposits payable	47,728	3,016	50,744	-
Increase (decrease) in retentions payable	17,177	-	17,177	-
Increase (decrease) in net pension liability	447,713	2,143	449,856	-
Increase (decrease) in compensated absences	22,299	-	22,299	-
Increase (decrease) in deferred inflows of resources - amounts related to pensions	(524,864)	(2,513)	(527,377)	-
TOTAL ADJUSTMENTS	903,996	109,457	1,013,453	118,624
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 4,017,836	\$ (33,969)	\$ 3,983,867	\$ (108,086)

See accompanying notes to financial statements.

CITY OF PICO RIVERA

DESCRIPTION OF FIDUCIARY FUNDS

June 30, 2017

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governmental units.

Successor Agency to the City of Pico Rivera Redevelopment Agency Private-Purpose Trust Fund accounts for the activities of the Successor Agency to the Pico Rivera Redevelopment Agency.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the entity-wide financial statements but are presented in separate Fiduciary Fund financial statements.

CITY OF PICO RIVERA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2017

	Successor Agency to the City of Pico Rivera Redevelopment Agency Private-Purpose Trust Fund	Agency Funds
	<u>Trust Fund</u>	<u>Agency Funds</u>
ASSETS:		
Cash and investments	\$ 3,845,444	\$ 46,006
Restricted cash and investments:		
Cash and investments with fiscal agents	415,894	-
Accounts receivable	1,026	-
Interest receivable	19,214	183
Loans receivable	373,142	-
Land held for resale	587,610	-
Capital assets:		
Capital assets, not depreciated	258,023	-
Capital assets, depreciated, net	80,472	-
	<u>5,580,825</u>	<u>\$ 46,189</u>
TOTAL ASSETS		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued liabilities	3,316	-
Payable to City of Pico Rivera	45,002,829	-
Payable to Pico Rivera Housing Assistance Agency	2,011,156	-
Payable to City of Pico Rivera Water Authority	25,893,785	-
Payable to the County of Los Angeles	41,755,241	-
Due to bondholders	-	46,189
	<u>114,666,327</u>	<u>\$ 46,189</u>
TOTAL LIABILITIES		
NET POSITION:		
Held in trust	<u>\$ (109,085,502)</u>	

See accompanying notes to financial statements.

CITY OF PICO RIVERA
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS

For the year ended June 30, 2017

	Successor Agency to the City of Pico Rivera Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Taxes	\$ 3,091,066
Investment earnings	58,460
TOTAL ADDITIONS	3,149,526
DEDUCTIONS:	
Administration	159,323
Interest	2,292,782
Depreciation	4,761
Administrative costs paid to City of Pico Rivera	399,152
TOTAL DEDUCTIONS	2,856,018
CHANGE IN NET POSITION	293,508
NET POSITION - BEGINNING OF YEAR, AS RESTATED	(109,379,010)
NET POSITION - END OF YEAR	\$ (109,085,502)

See accompanying notes to financial statements.

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CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES:

A. Description of the Reporting Entity:

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

The Pico Rivera Public Financing Authority (the Financing Authority) was formed as a joint powers authority between the City and the Pico Rivera Redevelopment Agency (the former RDA). Its purpose is to assist in the financing of public capital improvements or projects whenever there are significant public benefits.

The Pico Rivera Water Authority (the Water Authority) was formed as a joint powers authority between the City and the former 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 (the Agency) was formed to provide safe and sanitary dwelling accommodations in the City to low- and moderate-income individuals.

The City is the primary government unit. Component units are those entities that 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.

The Water Authority and Financing Authority (collectively, the Authorities) and the Agency 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 Authorities and Agency are reported within the funds of the City. The activities of the Financing Authority are included in the City's General Fund. Separate financial statements are not available. The activities of the Water Authority are reported in the Water Operations Enterprise Fund. Separate financial statements of the Water Authority may be obtained at City Hall. The activities of the Agency are reported in two Special Revenue Funds (Housing Agency Section 8 Special Revenue Fund and Low and Moderate Income Housing Fund). Separate financial statements are not available.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

A. Description of the Reporting Entity (Continued):

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

- The members of the City Council also act as the governing body of the Authorities and the Agency.
- The Authorities and the Agency 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 former Pico Rivera Redevelopment Agency was dissolved effective February 1, 2012, as a result of Assembly Bill x1 26 (the Dissolution Act). It is no longer considered to be a component unit of the City. On January 10, 2012, the City accepted a fiduciary role as the Successor Agency to serve as the custodian for the assets and to wind down the affairs of the former RDA. Successor Agency activity is reported in a fiduciary private-purpose trust fund. See Notes 14 and 15 for further details.

The City's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

B. Government-Wide and Fund Financial Statements:

The statement of net position and statement activities (i.e., the government-wide financial statements) displays 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.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statement of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year that the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of "available spendable resources."

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, with the exception of sales taxes, which are considered to be available if they are collected within 90 days of the end of the 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 long-term liabilities are reported as other financing sources.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

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

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 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. Amounts owed to the City, which are not available, are recorded as receivables and deferred inflows of resources.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period. Long-term receivables in governmental funds are reported on the balance sheets in spite of their spending measurement focus. These long-term receivables relate to grant-funded revolving loan programs and are offset by amounts due to the granting agencies since the funding will revert to them upon conclusion of the loan programs.

The City’s fiduciary fund financial statements are composed of a Private-Purpose Trust Fund and Agency Funds. The Private-Purpose Trust Fund is reported using the “economic resources measurement focus” and the “accrual basis of accounting.” The Agency Funds have no measurement focus but utilize the “accrual basis of accounting” for reporting their assets and liabilities.

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 fiduciary funds are excluded from the government-wide financial statements.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

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

The City reports the following major governmental funds:

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

The Housing Agency Section 8 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 US Department of Housing and Urban Development.

The Federal Grants Special Revenue Fund accounts for funds received from the US (federal) government for the rehabilitation of streets and intersections, bridge construction, and parkway improvements.

The Capital Improvement Capital Projects Fund accounts for activity related to the City's capital projects other than those accounted for in the Enterprise Funds.

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.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

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

Internal Service Funds account for the financing of services relating to equipment replacement provided to one department from another on a cost-reimbursement basis.

Fiduciary Funds:

Private-Purpose Trust Fund accounts for the Los Angeles County-Auditor Controller's semiannual property tax distributions from the Redevelopment Property Tax Trust Fund of the Successor Agency of the former Pico Rivera Redevelopment Agency to pay amounts due on enforceable obligations of the former Pico Rivera Redevelopment Agency and to pay for specified administrative costs.

Agency Funds account for assets held by the City as an agent for a bonded assessment district and a joint powers authority.

D. New Accounting Pronouncements:

Current Year Standards:

Governmental Accounting Standards Board (GASB) 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for periods beginning after June 15, 2016, and did not impact the City.

GASB 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for periods beginning after June 15, 2016, and did not impact the City.

GASB 77 - *Tax Abatement Disclosure*, effective for periods beginning after December 15, 2015, and did not impact the City.

GASB 78 - *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for periods beginning after December 15, 2015, and did not impact the City.

GASB 79 - *Certain External Investment Pools and Pool Participants*, contains certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015, and did not impact the City.

GASB 80 - *Blending Requirements for Certain Component Units*, effective for periods beginning after June 15, 2016, and did not impact the City.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

D. New Accounting Pronouncements (Continued):

Pending Accounting Standards:

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

- GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017.
- GASB 81 - *Irrevocable Split-Interest Agreements*, effective for periods beginning after December 15, 2016.
- GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017.
- GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.

E. Investments:

Investments are recorded at fair value (quoted market price or best available estimate thereof). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest earned on cash and investments is credited to the fund, which holds the investment.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

F. Property Taxes:

Property taxes include assessments on both secured and unsecured property. Secured property taxes are attached 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 (the County) 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 30.

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

G. Receivables:

The City extends credit to customers in the normal course of operations. Uncollectible amounts are accounted for by the reserve method, which establishes an allowance for doubtful accounts based upon historical losses and review of past-due accounts. Earned but unbilled revenue is recognized as revenue and accounts receivable in the Enterprise Funds.

H. 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, is offset by a nonspendable fund balance 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 then reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

I. 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.

When payments to vendors reflect costs applicable to future accounting periods, they are recorded as prepaid items.

Inventories and prepaid items are offset by a nonspendable fund balance in the governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

J. Restricted Assets:

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

K. Capital Assets:

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

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

Building and structures	40 years
Improvements other than buildings	40 years
Furniture and equipment	Up to 25 years
Infrastructure	Up to 60 years

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

K. Capital Assets (Continued):

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. There was no capitalized interest recorded during the year ended June 30, 2017. 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 capital assets is included in the statement of revenues, expenditures, and changes in fund balances as proceeds from sale.

L. Land Held for Resale:

Land held for resale is carried at the lower of acquisition cost or fair value.

M. Compensated Absences:

Employees accrue vacation and sick leave benefits. An employee may accumulate vacation leave up to 320 hours and sick leave up to 800 hours. Beginning annually in June, an employee with accumulated sick leave may choose to take any or all of the fiscal year's accumulated sick leave as cash provided it does not exceed 81 hours. Each year in December, employees may opt to cash out any or all vacation leave that exceeds 150 hours. Employees must maintain a balance of 150 hours on the books.

All leave pay (vacation and sick) is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if these amounts have matured as a result of employee resignations and retirements. The recently updated and adopted reserve policies (see Note 12) provide for an assignment of fund balance in the General Fund for overall "leave liability" above and beyond the liability recorded in the financial statements.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

N. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has four items that qualify for reporting in this category for the fiscal year ended June 30, 2017. The first item is the deferred amount on refunding reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred outflow related to pensions, which is equal to the employer contributions made after the measurement date of the net pension liability. The third item is a deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years. The fourth item is also deferred outflows related to pensions resulting from changes in actuarial assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the plans.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. The first and second items are deferred inflows related to pensions resulting from the difference between expected and actual experience and changes in actuarial assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the plans. The third item is the *unavailable revenues*, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: taxes, investment income, and grants. These amounts are unavailable and will be recognized as an inflow of resources in the period that the amounts become available.

O. 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 included as liabilities. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

O. Long-Term Obligations (Continued):

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, when paid. 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 an expense.

P. Pensions:

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

Q. Fund Balances:

Fund balance is the difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources reported in the City's governmental funds. There are generally limitations on the purpose for which all or a portion of the resources of a governmental fund may be used. The force behind these limitations can vary significantly, depending upon their source. Consequently, the fund balance reported in the annual financial statements is categorized into five components whereby each component identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the fund can be spent.

The fund balances reported on the fund statements consist of the following categories:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This classification includes amounts that can be spent only for specific purposes stipulated by constitution and external resource providers or through enabling legislation.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

Q. Fund Balances (Continued):

Committed - This classification includes amounts that can be used only for the specific purposes determined by the City Council through the adoption of a resolution prior to the end of the year. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

Assigned - This classification includes amounts to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. Through the adoption of a resolution to approve the City's fund balance policy, the City Council has authorized the City Manager to assign fund balance. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned - This classification includes the residual balance for the government's General Fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply the restricted fund balance first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply the committed fund balance first, then the assigned fund balance, and finally the unassigned fund balance.

R. Net Position:

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

R. Net Position (Continued):

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied; however, it is at the City Council's discretion.

S. 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.

T. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and related disclosures. Actual results could differ from those estimates.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments at June 30, 2017, are classified in the accompanying financial statements as follows:

	<u>Government- Wide Statement of Net Position</u>	<u>Fiduciary Funds Statement of Fiduciary Net Position</u>	<u>Total</u>
Unrestricted assets:			
Cash and investments	\$ 49,149,286	\$ 3,891,450	\$ 53,040,736
Restricted cash and investments:			
Cash and investments with fiscal agents	4,714,430	415,894	5,130,324
Escrow deposits	<u>19,699</u>	<u>-</u>	<u>19,699</u>
Total cash and investments	<u>\$ 53,883,415</u>	<u>\$ 4,307,344</u>	<u>\$ 58,190,759</u>

Cash and investments at June 30, 2017, consisted of the following:

Cash on hand	\$ 9,078
Deposits with financial institutions	6,581,900
Investments	<u>51,599,781</u>
Total cash and investments	<u>\$ 58,190,759</u>

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

2. CASH AND INVESTMENTS (CONTINUED):

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 trustees 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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed *</u>	<u>Maximum Investment in One Issuer</u>
US Treasury Bills, Bonds, and Notes	5 years	None	None
US Government Sponsored Agency Securities	5 years	None	None
Banker's Acceptance Notes	180 days	20%	10%
Commercial Paper	270 days	25%	None
Negotiable Certificates of Deposit	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Cal Trust Investment Pool	N/A	None	None
Local Agency Investment Fund	N/A	None	\$ 50,000,000

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

N/A - Not Applicable

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by a bond trustee are governed by the provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized for funds held by a bond trustee include US Treasury Obligations, US Government Sponsored Agency Securities, Certificates of Deposit, Commercial Paper, Local Agency Bonds, Banker's Acceptance Notes, 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 Notes, which are limited to one year.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk:

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

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

<u>Investment Type</u>	<u>Remaining Maturity (in Months) 12 Months or Less</u>
Local Agency Investment Fund	\$ 46,469,457
Held by Bond Trustee - Money Market Mutual Funds	<u>5,130,324</u>
	<u>\$ 51,599,781</u>

Disclosures Relating to Credit Risk:

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

<u>Investment Type</u>	<u>Total as of June 30, 2017</u>	<u>Minimum Legal Rating</u>	<u>AAA</u>	<u>Not Rated</u>
Local Agency Investment Fund	\$ 46,469,457	N/A	\$ -	\$ 46,469,457
Held by Bond Trustee - Money Market Mutual Funds	<u>5,130,324</u>	A	<u>5,130,324</u>	<u>-</u>
Total	<u>\$ 51,599,781</u>		<u>\$ 5,130,324</u>	<u>\$ 46,469,457</u>

N/A - Not Applicable

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

2. CASH AND INVESTMENTS (CONTINUED):

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments other than the following provision for deposits.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2017, the City and the Successor Agency deposits (bank balances) were insured by the Federal Deposit Insurance Corporation and the remaining balances were collateralized under California law.

For investments identified herein as held by fiscal agent, the trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

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.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements:

The City categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The City's investments in LAIF and money market mutual funds are not subject to the fair value hierarchy.

3. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

The composition of interfund balances as of June 30, 2017, is as follows:

Advances To/From Other Funds:

<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>	<u>Amount</u>
General Fund	Water Operations Enterprise Fund	<u>\$ 18,260,812</u>

In 1999, the Water Authority received an advance from the City's General Fund in connection with the acquisition of water operation capital assets. The Water Authority is obligated to pay off this advance from surplus revenues over 50 years. No interest accrues on this advance. Payments will vary with the level of surplus revenues. No payments were made in fiscal year 2016-17. The balance of the advance at June 30, 2017, is \$18,260,812. The Authority's current outstanding revenue bonds will be paid in full by 2033. The debt service payments will be partially funded by receipts from the receivables due from the Successor Agency, as well as operating income over the next 18 years. Management has estimated that cash flows from these sources will exceed the debt service requirements of the revenue bonds, and any excess cash flows will be used to pay down the advance from the City. Additionally, once the outstanding revenue bonds are paid in full in fiscal year 2033, the operating income will be available to pay down the advance from the City. Management believes that the Water Authority will have the ability to pay this obligation in full prior to the advance's original maturity date in 2049.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

Due To/From Other Funds:

The composition of interfund balances as of June 30, 2017, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Housing Agency Section 8 Special Revenue Fund	\$ 53,986
	Federal Grants Special Revenue Fund	701,462
	Capital Improvement Capital Projects Fund	6,623
	Other Governmental Funds	637,841
	Other Enterprise Funds	1,169,922
Water Operations Enterprise Fund	General Fund	<u>176,000</u>
		<u>\$ 2,745,834</u>

The amounts loaned from the General Fund are short-term loans to fund operations of the various funds.

Transfers:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Capital Improvement Capital Projects Fund (1)	\$ 623,193
	Water Operations Enterprise Fund (2)	1,022,113
	Federal Grants Special Revenue Fund	10,000
Federal Grants Special Revenue Fund	Capital Improvement Capital Projects Fund (1)	40,925
Other Governmental Funds	General Fund (3) (4) (5)	2,070,564
	Capital Improvement Capital Projects Fund (1)	1,254,608
	Other Governmental Funds	7,863
	Other Enterprise Funds	499
Other Enterprise Funds	Capital Improvement Capital Projects Fund (1)	<u>35,654</u>
		<u>\$ 5,065,419</u>

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

Transfers (Continued):

- (1) The City operates a single Capital Improvement Projects Fund that records the majority of capital improvement program activity. Transfers are made accordingly for various projects from certain funds (i.e., General Fund, Water Operations Enterprise Funds, Federal Grants Fund, etc.) to the Capital Improvement Projects Fund to record expenditure activity for each capital project (tracked by project number) based on the funding source. These amounts represent the actual expenditures recorded in the Capital Improvement Projects Fund and the transfer from the respective funds depending on the funding source for the project.
- (2) There was a one-time transfer of remaining fund balance from the Water Enterprise Fund, which was accounted for as part of the General Fund, to the Water Authority Fund after the lease operating agreement between the Water Authority and the General Fund was updated.
- (3) The Gas Tax Fund transfers funds to cover approved street maintenance activities.
- (4) Graffiti removal services are partially funded by Proposition C funds.
- (5) The City has a Lighting and Maintenance Assessment District that transfers funds to the General Fund to cover a portion of approved utility (i.e., electricity) expenses.

4. LONG-TERM RECEIVABLES:

- A. 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, 2017, is \$3,579,153 and is included in the HOME Grant Special Revenue Fund. At June 30, 2017, the City has an allowance of \$792,331 against the outstanding interest receivable related to these loans, as the City cannot ensure the collectability of this balance.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

4. LONG-TERM RECEIVABLES (CONTINUED):

- B. Loans receivable consist of low-interest and no-interest home improvement loans made from the Community Development Block Grant Special Revenue Fund 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, 2017, totaled \$209,345. At June 30, 2017, the City has an allowance of \$48,463 against the outstanding interest receivable related to these loans, as the City cannot ensure the collectability of this balance.
- C. Loans receivable consist of low-interest home improvement loans made from the CalHOME Grant Special Revenue Fund 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, 2017, is \$1,475,354. At June 30, 2017, the City has an allowance of \$141,123 against the outstanding interest receivable related to these loans, as the City cannot ensure the collectability of this balance.
- D. Home improvement loans to low- and moderate-income households have been made from the Housing Agency LMIHF Special Revenue Fund. These loans are payable in 10 years or when borrowers sell their property, whichever comes first. The outstanding balances, net of an \$82,823 allowance, at June 30, 2017, were zero. At June 30, 2017, the City has an allowance of \$1,212 against the outstanding interest receivable related to these loans, as the City cannot ensure the collectability of this balance.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

4. LONG-TERM RECEIVABLES (CONTINUED):

E. Receivables from Successor Agency:

Description	General Fund	Other Governmental Funds	Water Operations Enterprise Fund
Long-term loans to finance improvements and operations related to and within the former Redevelopment Agency's project areas	\$ 17,230,483	\$ -	\$ 243,806
Sales tax deferral loan to allow former Redevelopment Agency to meet its debt service obligations	27,772,346	-	-
Loans to make payments to Supplemental Educational Revenue Augmentation Fund	-	2,011,156	-
Purchase of former Redevelopment Agency's Tax Allocation Bonds, Series 2001 treated as loan	-	-	25,649,979
Subtotal	45,002,829	2,011,156	25,893,785
Reserve on long-term loans	(4,307,622)	-	(60,952)
Reserve on sales tax deferral loan	(27,772,346)	-	-
Total	<u>\$ 12,922,861</u>	<u>\$ 2,011,156</u>	<u>\$ 25,832,833</u>

For further discussion of the receivables due from the Successor Agency, see Notes 15C, 15D, and 15E.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

5. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2017, was as follows:

Governmental Activities:

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers of Construction in Progress</u>	<u>Balance at June 30, 2017</u>
Capital assets, not being depreciated:					
Land	\$ 118,849,013	\$ -	\$ -	\$ -	\$ 118,849,013
Construction in progress	<u>11,298,311</u>	<u>1,614,385</u>	<u>-</u>	<u>(2,431,598)</u>	<u>10,481,098</u>
Total capital assets, not being depreciated	<u>130,147,324</u>	<u>1,614,385</u>	<u>-</u>	<u>(2,431,598)</u>	<u>129,330,111</u>
Capital assets, being depreciated:					
Structures and improvements	21,445,150	-	-	-	21,445,150
Furniture and equipment	6,519,502	303,764	(532,170)	-	6,291,096
Infrastructure	<u>220,412,921</u>	<u>-</u>	<u>-</u>	<u>2,431,598</u>	<u>222,844,519</u>
Total capital assets, being depreciated	<u>248,377,573</u>	<u>303,764</u>	<u>(532,170)</u>	<u>2,431,598</u>	<u>250,580,765</u>
Less accumulated depreciation for:					
Structures and improvements	(9,731,761)	(500,029)	-	-	(10,231,790)
Furniture and equipment	(5,343,095)	(106,561)	532,170	-	(4,917,486)
Infrastructure	<u>(104,904,110)</u>	<u>(5,469,817)</u>	<u>-</u>	<u>-</u>	<u>(110,373,927)</u>
Total accumulated depreciation	<u>(119,978,966)</u>	<u>(6,076,407)</u>	<u>532,170</u>	<u>-</u>	<u>(125,523,203)</u>
Total capital assets, being depreciated, net	<u>128,398,607</u>	<u>(5,772,643)</u>	<u>-</u>	<u>2,431,598</u>	<u>125,057,562</u>
Governmental activities capital assets, net	<u>\$ 258,545,931</u>	<u>\$ (4,158,258)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,387,673</u>

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

General government	\$ 381,598
Public safety	24,913
Public works	4,746,282
Parks and recreation	888,979
Community development	<u>34,635</u>
Total depreciation expense governmental activities	<u>\$6,076,407</u>

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

5. CAPITAL ASSETS (CONTINUED):

Capital asset activity for the year ended June 30, 2017, was as follows:

Business-Type Activities:

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers of Construction in Progress</u>	<u>Balance at June 30, 2017</u>
Capital assets, not being depreciated:					
Land and water rights	\$ 18,174,060	\$ -	\$ -	\$ -	\$ 18,174,060
Rights of way	5,579,916	-	-	-	5,579,916
Construction in progress	<u>1,571,044</u>	<u>621,908</u>	<u>-</u>	<u>(189,542)</u>	<u>2,003,410</u>
Total capital assets, not being depreciated	<u>25,325,020</u>	<u>621,908</u>	<u>-</u>	<u>(189,542)</u>	<u>25,757,386</u>
Capital assets, being depreciated:					
Structures and improvements	5,013,838	-	-	-	5,013,838
Utility plant in service	21,785,673	-	-	-	21,785,673
Equipment	1,006,088	-	(11,065)	-	995,023
Infrastructure	<u>13,172,164</u>	<u>-</u>	<u>-</u>	<u>189,542</u>	<u>13,361,706</u>
Total capital assets, being depreciated	<u>40,977,763</u>	<u>-</u>	<u>(11,065)</u>	<u>189,542</u>	<u>41,145,624</u>
Less accumulated depreciation for:					
Structures and improvements	(3,611,526)	(120,273)	-	-	(3,731,799)
Utility plant in service	(6,169,775)	(367,626)	-	-	(6,537,401)
Equipment	(984,949)	(6,870)	11,064	-	(980,755)
Infrastructure	<u>(8,654,312)</u>	<u>(224,222)</u>	<u>-</u>	<u>-</u>	<u>(8,878,534)</u>
Total accumulated depreciation	<u>(19,420,562)</u>	<u>(718,991)</u>	<u>11,064</u>	<u>-</u>	<u>(20,128,489)</u>
Total capital assets, being depreciated, net	<u>21,557,201</u>	<u>(718,991)</u>	<u>(1)</u>	<u>189,542</u>	<u>21,027,751</u>
Business-type activities capital assets, net	<u>\$ 46,882,221</u>	<u>\$ (97,083)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 46,785,137</u>

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

Water Operations	\$ 611,708
Sports Arena	78,673
Golf Course	<u>28,610</u>
Total depreciation expense - business-type activities	<u>\$ 718,991</u>

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

6. LONG-TERM LIABILITIES:

Changes in long-term liabilities activity for the year ended June 30, 2017, was as follows:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017	Due Within One Year	Due in More Than One Year
Governmental Activities:						
2009 Lease Revenue						
Bonds	\$ 30,470,000	\$ -	\$ (30,470,000)	\$ -	\$ -	\$ -
Bond premium	1,040,767	-	(1,040,767)	-	-	-
2016 Lease Revenue						
Bonds	-	30,470,000	(980,000)	29,490,000	865,000	28,625,000
Bond premium	-	3,082,378	(134,028)	2,948,350	-	2,948,350
Subtotal revenue						
bonds payable	31,510,767	33,552,378	(32,624,795)	32,438,350	865,000	31,573,350
Compensated absences	619,572	862,122	(737,343)	744,351	148,870	595,481
 Total governmental activities	<u>\$ 32,130,339</u>	<u>\$ 34,414,500</u>	<u>\$ (33,362,138)</u>	<u>\$ 33,182,701</u>	<u>\$ 1,013,870</u>	<u>\$ 32,168,831</u>
Business-type activities:						
Revenue bonds payable	\$ 42,145,000	\$ -	\$ (2,245,000)	\$ 39,900,000	\$ 2,380,000	\$ 37,520,000
Add (Less):						
Bond premium	511,513	-	(39,857)	471,656	-	471,656
Bond discount	(385,045)	-	26,708	(358,337)	-	(358,337)
Subtotal revenue						
bonds payable	42,271,468	-	(2,258,149)	40,013,319	2,380,000	37,633,319
Compensated absences	94,352	126,201	(103,902)	116,651	11,665	104,986
 Total business-type activities	<u>\$ 42,365,820</u>	<u>\$ 126,201</u>	<u>\$ (2,362,051)</u>	<u>\$ 40,129,970</u>	<u>\$ 2,391,665</u>	<u>\$ 37,738,305</u>

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities:

A. Compensated Absences:

The City's policies relating to compensated absences are described in Note 1M. The liability amounts of \$744,351 at June 30, 2017, 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.

B. 2009 Lease Revenue Bonds:

In September 2009, the Financing Authority issued \$32,860,000 of Lease 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 Series 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 rates 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. During July 2016, the Lease Revenue Bonds (Series 2009) were refunded with proceeds from the Lease Revenue Refunding Bonds, Series 2016.

C. 2016 Lease Revenue Bonds:

In July of 2016, the Finance Authority issued Lease Revenue Refunding Bonds, Series 2016 (the 2016 PFA Bonds) in the aggregate principal amount of \$30,470,000. The bonds pay interest at a rate from 2.675% to 5.25% payable semiannually on March 1 and September 1, commencing on September 1, 2016. The bonds were issued to refund the City's 2009 Lease Revenue Bonds, purchase a surety bond for the reserve account, purchase a municipal bond insurance policy, and pay costs of issuance of the bonds.

As a result of the advance refunding, the City reduced its total debt service requirements by \$9,447,849, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$4,815,825.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

6. LONG-TERM LIABILITIES (CONTINUED):

C. 2016 Lease Revenue Bonds (Continued):

Annual debt service for the 2016 PFA Bonds is as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 865,000	\$ 1,061,150	\$ 1,926,150
2019	885,000	1,043,650	1,928,650
2020	900,000	1,023,450	1,923,450
2021	925,000	998,225	1,923,225
2022	955,000	965,250	1,920,250
2023 - 2027	5,305,000	4,287,675	9,592,675
2028 - 2032	6,260,000	3,300,000	9,560,000
2033 - 2037	7,920,000	1,593,413	9,513,413
2038 - 2039	<u>5,475,000</u>	<u>249,675</u>	<u>5,724,675</u>
	<u>\$ 29,490,000</u>	<u>\$ 14,522,488</u>	<u>\$ 44,012,488</u>

Business-Type Activities:

A. Compensated Absences:

The City's policies relating to compensated absences are described in Note 1M. The liability amount of \$116,651 at June 30, 2017, is expected to be paid in future years from future resources.

B. Lease Revenue Bonds:

Revenue bonds were issued by the Water Authority to finance the initial lease payment under the terms of a lease between the City and the Water Authority and to purchase the former Redevelopment Agency's Tax Allocation Bonds.

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	\$ 14,110	May 2029
Water Authority	2001	5.75%-6.25%	<u>40,710</u>	<u>25,790</u>	December 2032
			<u>\$ 58,650</u>	<u>\$ 39,900</u>	

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

6. LONG-TERM LIABILITIES (CONTINUED):

Business-Type Activities (Continued):

B. Lease Revenue Bonds (Continued):

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:

The Water Authority issued \$17,940,000 of Revenue Bonds (Series 1999 A) dated May 1, 1999. These bonds were issued to finance the lease and improvements of the Water Operations Enterprise Fund.

The Series 1999 A bonds are due in whole or in part through May 2029 and bear interest rates ranging from 3.25% to 5.5%. Interest is payable semiannually on May 1 and November 1 of each year. The bonds are subject to optional redemption in whole or in part on any interest payment due on or after May 1, 2009, by lot, with premiums ranging from 0% to 2%.

The bond indenture requires a Water Rate Stabilization Fund to be held and maintained by the trustee for the benefit of the owners of the bonds. The Water Rate Stabilization Fund is required to have a balance of not less than \$600,000. All funds in the Water Rate Stabilization Fund are pledged to secure payment of the bonds. The balance in the Water Rate Stabilization Fund at June 30, 2017, is \$600,000.

Annual debt service for the Series 1999 A bonds is as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 860,000	\$ 776,050	\$ 1,636,050
2019	910,000	728,750	1,638,750
2020	960,000	678,700	1,638,700
2021	1,010,000	625,900	1,635,900
2022	1,065,000	570,350	1,635,350
2023 - 2027	6,285,000	1,904,375	8,189,375
2028 - 2029	3,020,000	251,350	3,271,350
	<u>\$ 14,110,000</u>	<u>\$ 5,535,475</u>	<u>\$ 19,645,475</u>

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

6. LONG-TERM LIABILITIES (CONTINUED):

Business-Type Activities (Continued):

B. Lease Revenue Bonds (Continued):

Water Authority Revenue Bonds, Series 2001:

On January 30, 2001, the Water 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 former Redevelopment Agency, which in turn refunded its 1989 Tax Allocation Bonds. The 2001 Series bonds are subject to optional redemption in whole or in part and by lot on any date on or after December 1, 2011, with premiums ranging from 0% to 2%. The bonds are due through December 1, 2032, with interest rates ranging from 5.75% to 6.25% per annum.

The bond indenture requires the Water Authority to maintain a bond reserve in the amount of \$2,839,536, 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, 2017, amounted to \$2,337,061 and \$600,004, respectively.

The 2001 Series revenue bond indenture also requires the Water Authority to maintain rates sufficient to generate subordinate net water revenues, as defined by the bond indenture, equal to 125% of the current year's debt service requirement. The Water Authority's coverage ratio in fiscal year 2017 was 2.21, which is greater than the required 1.25.

Annual debt service for the 2001 Series revenue bonds is as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,520,000	\$ 1,564,375	\$ 3,084,375
2019	1,615,000	1,466,406	3,081,406
2020	1,715,000	1,362,344	3,077,344
2021	1,825,000	1,251,719	3,076,719
2022	1,940,000	1,134,063	3,074,063
2023 - 2027	9,915,000	3,739,844	13,654,844
2028 - 2032	6,040,000	1,247,500	7,287,500
2033 - 2033	1,220,000	38,125	1,258,125
	<u>\$ 25,790,000</u>	<u>\$ 11,804,376</u>	<u>\$ 37,594,376</u>

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

6. LONG-TERM LIABILITIES (CONTINUED):

Business-Type Activities (Continued):

B. Lease Revenue Bonds (Continued):

Water Authority Revenue Bonds, Series 2001 (Continued):

A comparison of the pledged revenues recognized during the year to the principal and interest requirements for the 2001 Series revenue bonds is as follows:

	Less:			Plus:	Plus:	Total Pledged		
	Purchased	Less:	Less 1999	Secured	Rate	Subordinate	2001 Bonded	
	Security	Direct	Debt Service	Revenue	Stabilization	and Security	Debt Service	
<u>Revenue</u>	<u>Revenue (1)</u>	<u>Costs (2)</u>	<u>Payments</u>	<u>(3)</u>	<u>Fund</u>	<u>Revenues</u>	<u>Payments</u>	<u>Coverage</u>
\$ 10,042,472	\$ (3,334,900)	\$ (5,531,597)	\$ (1,636,050)	\$ 3,334,900	\$ 600,000	\$ 6,809,726	\$ 3,084,375	2.21

(1) Interest earned on investment in 2001 Tax Allocation Refunding Bonds.

(2) Total expenditures less depreciation, amortization of bond premiums/discounts, and interest payments on Series 1999 A and 2001 Series revenue bonds.

(3) Principal and interest received on the investment in 2001 Tax Allocation Refunding Bonds.

7. COMMITMENTS AND CONTINGENCIES:

A. Litigation:

Claims and suits are filed against the City in the normal course of business. Based upon information received from the City's management, the estimated liability under any such claims would be adequately covered by deposits in a pooled insurance authority and insurance coverage. Other claims not covered by insurance involving substantial land use actions and inverse condemnation claims are not expected to have an adverse economic effect on the City.

B. Grant Audit Contingencies:

Under the terms of certain grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

7. COMMITMENTS AND CONTINGENCIES (CONTINUED):

C. Economic Development Subsidy:

In order to retain the operations of a certain employer within the City, the City has entered into an economic development subsidy agreement with this employer. Under this agreement, the City is to pay the employer an amount equal to 25% of sales tax revenues generated by the employer up to a sales tax revenue threshold and 55% of sales tax revenues in excess of that threshold, payable on or before July 30 for the previous calendar years for the period from January 1, 2017 through December 31, 2027. In no event will the total payments to the employer exceed \$3,280,000 for the term of the agreement. Payment on this agreement is contingent on the employer meeting certain operating covenants and other restrictive covenants; accordingly, there has been no accrual included in these financial statements. The first payment will be made to the employer in fiscal year 2017-18 assuming all operating covenants are met.

8. DEFINED BENEFIT PENSION PLANS:

A. General Information about the Pension Plans:

Plan Descriptions:

CalPERS Plan:

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, which is an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by state statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

City Council Retirement Enhancement Plan:

The City also has available a supplemental retirement benefit plan for City Council members (Council Plan) elected on or after July 1, 2002. This plan is a single-employer defined benefit pension plan administered by the Public Agency Retirement Services (PARS), who serves as the trustee for the Council Plan. As a result of California Public Employees' Pension Reform Act (PEPRA) amendments, the City has closed this plan to any new City Council members elected or appointed on or after January 1, 2013.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

8. DEFINED BENEFIT PENSION PLANS (CONTINUED):

A. General Information about the Pension Plans (Continued):

Benefits Provided:

CalPERS Plan:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, which is equal to one year of full-time employment. The City has three different retirement benefit tiers based on date of hire:

Tier I: 2.5% at 55 for employees hired on or before June 30, 2012

Tier II: 2.0% at 60 for employees after June 30, 2012

Tier III: 2.0% at 62 for all new members to CalPERS, as defined by Assembly Bill 340/PEPRA

All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS plans provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous Plan		
	Prior to June 26, 2012	On or After June 26, 2012 Prior to January 1, 2013	On or After January 1, 2013
Hire date			
Benefit formula	2.5%@55	2%@60	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	28.756%	28.756%	5.485%

City Council Retirement Enhancement Plan:

The Council Plan provides a benefit equal to 4% of final compensation times benefit service, capped at 10 years of service. This plan is a single-employer defined benefit plan. Eligibility for these benefits is defined as reaching age 55 and completing five years of continuous City Council service. Employees terminating employment with the City after five years of service but prior to age 55 will receive a deferred retirement benefit to commence at age 55.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

8. DEFINED BENEFIT PENSION PLANS (CONTINUED):

A. General Information about the Pension Plans (Continued):

Benefits Provided (Continued):

The Council Plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

	<u>Council Plan</u>
	Prior to January 1, 2013
Hire date	
Benefit formula	4%@55
Benefit vesting schedule	5 years of service
Benefit payments	monthly for life
Retirement age	55
Monthly benefits, as a % of eligible compensation	1.67% to 3.33%
Required employee contribution rates	0.00%
Required employer contribution rates	33.60%

Employees Covered:

At June 30, 2015, the following employees were covered by the benefit terms for each plan:

	<u>Miscellaneous</u>	<u>Council Plan</u>
Inactive employees or beneficiaries currently receiving benefits	231	3
Inactive employees entitled to but not yet receiving benefits	122	-
Active employees	123	5
Total	<u>476</u>	<u>8</u>

Contributions:

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions are classified as plan member contributions. The Council Plan only requires employer contributions equal to an actuarially determined rate.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

8. DEFINED BENEFIT PENSION PLANS (CONTINUED):

B. Net Pension Liability:

The City's net pension liability for each plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the CalPERS plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. The net pension liability of the Council Plan is measured as of June 30, 2017, using an actuarial valuation date of June 30, 2015. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions:

The total pension liabilities in the June 30, 2015, actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Council Plan</u>
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.65%	6.50%
Inflation	2.75%	2.75%
Projected Salary Increase	(1)	4.00%
Mortality Rate Table	(2)	(3)
Post Retirement Benefit Income	(4)	

(1) Varies by entry age and service.

(2) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report.

(3) Preretirement: Consistent with the nonindustrial rates used to value Miscellaneous CalPERS pension plans.

Post-retirement: CalPERS 1997-2011 Healthy Retiree Tables (sex-distinct) with an assumed base year of 2008 and full generational projections using Scale AA.

(4) Contract cost-of-living adjustments up to 2.75% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.75% thereafter.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

8. DEFINED BENEFIT PENSION PLANS (CONTINUED):

B. Net Pension Liability (Continued):

Actuarial Assumptions (Continued):

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

Change of Assumptions:

There were no changes of assumptions during the measurement period ended June 30, 2016. Deferred inflows of resources for changes of assumptions presented in the financial statements represent the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate:

The discount rate used to measure the total pension liability was 7.65% for the Miscellaneous Plan and 6.5% for the Council Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Miscellaneous Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section. Additionally, the Council Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return of 6.5%.

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

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

8. DEFINED BENEFIT PENSION PLANS (CONTINUED):

B. Net Pension Liability (Continued):

Discount Rate (Continued):

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by CalPERS Board of Directors effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100.00%		

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

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

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

8. DEFINED BENEFIT PENSION PLANS (CONTINUED):

B. Net Pension Liability (Continued):

Discount Rate (Continued):

The actuaries of the Council Plan determined that the best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of June 30, 2017.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return (a)	Long-Term Expected Geometric Real Rate of Return (a)
US Cash	3.38%	0.42%	0.41%
US Core Fixed Income	47.01%	2.12%	1.99%
US Equity Market	38.24%	5.12%	3.81%
Foreign Developed Equity	8.65%	5.85%	4.20%
Emerging Markets Equity	2.72%	8.07%	4.79%
Total	100.00%		

(a) An expected inflation of 1.89% used in calculating the long-term expected rate of return

Subsequent Events:

In December 2016, CalPERS Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates for employers beginning in fiscal year 2019 and result in increases to employers' normal costs and unfunded actuarial liabilities. For the GASB Statement 68 accounting valuations, the discount rate will move straight to 7% starting with the June 30, 2017, measurement date reports and will result in an increase to employer's total pension liabilities.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

8. DEFINED BENEFIT PENSION PLANS (CONTINUED):

C. Changes in the Net Pension Liability:

The changes in the net pension liability for the Miscellaneous Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2015 (Measurement Date)	<u>\$ 94,428,137</u>	<u>\$ 65,462,296</u>	<u>\$ 28,965,841</u>
Changes in the Year:			
Service cost	1,410,606	-	1,410,606
Interest on the total pension liability	6,980,849	-	6,980,849
Differences between expected and actual experience	(1,495,731)	-	(1,495,731)
Changes in assumptions	-	-	-
Plan-to-plan resource movement	-	-	-
Contribution - employer	-	2,352,483	(2,352,483)
Contribution - employee	-	681,785	(681,785)
Net investment income	-	328,225	(328,225)
Administrative expenses	-	(39,896)	39,896
Benefit payments, including refunds of employee contributions	(4,769,549)	(4,769,549)	-
Net Changes	<u>2,126,175</u>	<u>(1,446,952)</u>	<u>3,573,127</u>
Balance at June 30, 2016 (Measurement Date)	<u>\$ 96,554,312</u>	<u>\$ 64,015,344</u>	<u>\$ 32,538,968</u>

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

8. DEFINED BENEFIT PENSION PLANS (CONTINUED):

C. Changes in the Net Pension Liability (Continued):

The changes in the net pension liability for the Council Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016 (Measurement Date)	<u>\$ 164,633</u>	<u>\$ 117,261</u>	<u>\$ 47,372</u>
Changes in the Year:			
Service cost	6,809	-	6,809
Interest on the total pension liability	11,642	-	11,642
Differences between actual and expected experience	-	-	-
Changes in assumptions	8,226	-	8,226
Changes in benefit terms	-	-	-
Contribution - employer	-	17,266	(17,266)
Contribution - employee	-	-	-
Net investment income	-	13,784	(13,784)
Administrative expenses	-	(655)	655
Benefit payments, including refunds of employee contributions	(10,426)	(10,426)	-
Net Changes	<u>16,251</u>	<u>19,969</u>	<u>(3,718)</u>
Balance at June 30, 2017 (Measurement Date)	<u><u>\$ 180,884</u></u>	<u><u>\$ 137,230</u></u>	<u><u>\$ 43,654</u></u>

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

8. DEFINED BENEFIT PENSION PLANS (CONTINUED):

C. Changes in the Net Pension Liability (Continued):

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the City for each pension plan, calculated using the discount rate for each plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Council Plan</u>
1% Decrease	6.65%	5.50%
Net Pension Liability	\$ 45,317,053	\$ 62,149
Current Discount Rate	7.65%	6.50%
Net Pension Liability	\$ 32,538,968	\$ 43,654
1% Increase	8.65%	7.50%
Net Pension Liability	\$ 21,971,803	\$ 27,793

Pension Plan Fiduciary Net Position:

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and PARS financial reports, respectively.

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

For the year ended June 30, 2017, the City recognized pension expense of \$1,736,749 and \$13,366 for the miscellaneous and council plans, respectively. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,552,612	\$ -
Differences between expected and actual experience	-	(1,115,532)
Change in assumptions	-	(388,068)
Net differences between projected and actual earnings on plan investments	3,455,628	-
Total Miscellaneous Plan	<u>\$ 6,008,240</u>	<u>\$ (1,503,600)</u>
Differences between expected and actual experience	\$ -	\$ (6,774)
Change in assumptions	12,349	-
Net differences between projected and actual earnings on plan investments	2,362	-
Total Council Plan	<u>\$ 14,711</u>	<u>\$ (6,774)</u>

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

8. DEFINED BENEFIT PENSION PLANS (CONTINUED):

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions
(Continued):

An amount of \$2,552,612 reported as deferred outflows of resources related to contributions to the miscellaneous plan subsequent to the measurement date will be recognized as a reduction of the net pension liability of the miscellaneous plan in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Miscellaneous	Council
2018	\$ (699,182)	\$ 2,681
2019	114,081	2,680
2020	1,617,802	1,711
2021	919,327	142
2022	-	931
Thereafter	-	(208)

E. Payable to the Pension Plans:

At June 30, 2017, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2017.

9. DEFINED CONTRIBUTION PENSION PLANS:

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 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 the 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, 2017, the City's payroll covered by the defined contribution plan was \$1,605,973. The City made employer contributions of \$60,224 (3.75% of current covered payroll), and employees contributed \$60,224 (3.75% of current covered payroll).

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

9. DEFINED CONTRIBUTION PENSION PLANS (CONTINUED):

The City also 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 a trust for the exclusive benefit of the participants and their beneficiaries. The assets are not the property of the City and, as such, are not subject to the claims of the City's general creditors. As a result, these assets are not reported in the financial statements.

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN:

A. OPEB Plan Description:

In addition to the retirement plans described in Note 8, the City provides health care insurance benefits for its full-time employees who retire subsequent to October 1, 1983, under a single-employer defined benefit plan. In general, eligibility is the same regardless of benefit tier. Employees must retire directly from the City under CalPERS. Employees must also meet basic retirement requirements per CalPERS. That is, employees must be at least age 50 and have at least five years of CalPERS service or qualify for a disability retirement.

The benefits received by the retired employees vary based on the date they were hired by the City. For employees hired on or before June 30, 2012, the City pays the full premium for the retiree and his/her dependents. For employees hired after June 30, 2012, the City contributes the Public Employees Medical and Hospital Care Act (PEMCHA) minimum. For example, this amount was \$125 a month for calendar year 2017. The PEMCHA minimum is updated annually by the CalPERS board. Regardless of hire date, the same benefit continues to the surviving spouse.

The City's obligation to pay medical costs for retirees relates only to those medical coverage costs provided through CalPERS. 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.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

A. OPEB Plan Description (Continued):

Eligible Participants to the OPEB plan as of June 30, 2015, the date of the latest actuarial valuation, are as follows:

Retirees receiving benefits:	
Age 65 and above	65
Age below 65	<u>41</u>
Subtotal	106
Active/full-time employees	<u>121</u>
Total	<u><u>227</u></u>

B. Authority Establishing the OPEB Plan and the City's Funding Policy:

City Council Resolution No. 2875 dated September 6, 1983, assigns the authority to establish the City's OPEB plan. The contribution requirements of plan members and the City are established and may be amended by the City Council.

In October 2016, the City established a trust with the California Employers' Retirement Benefit Trust Program (CERBT) 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 has historically been 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 was recognized as expenditures as insurance premiums were paid. For the fiscal year ended June 30, 2017, those costs totaled \$1,173,724, including an implied subsidy of \$215,000. During fiscal year 2016-2017, the City started funding the CERBT trust and accordingly transferred \$4,000,003 to the trust. The City used the General Fund to liquidate this net OPEB obligation. In the future, the City plans to fund the trust based on its annual required contribution calculated by the actuary.

C. Annual OPEB Cost and Net OPEB Obligation:

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed 30 years. The ARC for the fiscal year ended June 30, 2017, was \$3,053,000 and was determined as part of an actuarial valuation dated June 30, 2015.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

C. Annual OPEB Cost and Net OPEB Obligation (Continued):

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

Annual required contribution	\$ 3,053,000
Interest on net OPEB obligation	1,187,000
Adjustment to annual required contribution	<u>(1,059,000)</u>
Annual OPEB cost (expense)	3,181,000
Contributions to irrevocable trust	(4,000,003)
Premium payments including benefit payments	<u>(1,173,724)</u>
Change in net OPEB obligation	(1,992,727)
Net OPEB obligation - beginning of year	<u>16,950,425</u>
Net OPEB obligation - end of year	<u>\$ 14,957,698</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2015, 2016, and 2017, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$ 3,141,000	29.12%	\$ 14,904,776
6/30/16	3,310,000	38.20%	16,950,425
6/30/17	3,181,000	162.64%	14,957,698

D. Funded Status and Funding Progress:

As of June 30, 2015, the most recent actuarial valuation date, the OPEB plan was zero percent funded. The actuarial accrued liability for benefits was \$39,680,000, and the actuarial value of assets was zero, resulting in an unfunded accrued actuarial liability (UAAL) of \$39,680,000. The covered payroll (annual payroll of active employees covered by the plan) was \$8,162,000 and the ratio of the UAAL to the covered payroll was 486.2%.

The normal cost was \$1,515,000. 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.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

D. Funded Status and Funding Progress (Continued):

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding claim costs per retiree, health-care inflation, and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015, actuarial valuation, the entry-age normal cost method was used to value liabilities. Wherever normal cost is stated, this cost method is assumed. The actuarial assumptions included a 4.00% discount rate (assuming the plan will not be prefunded), an annual non-Medicare eligible HMO medical cost trend rate which utilized actual premiums for 2015 and 2016 and a rate of 7.0% for 2017 (PPO rate of 7.2%) decreasing to 5.0% at year 2021, 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. The remaining amortization period is 16 years.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

11. INSURANCE PROGRAM:

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

The City is a member of the California Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is composed of 117 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, purchase excess insurance or reinsurance, and arrange for group-purchased insurance for property and other lines of coverage. The Insurance Authority 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 of Directors operates through a nine-member Executive Committee.

B. Self-Insurance Programs of the Insurance Authority:

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Liability: Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2016-17, the Insurance Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million and excess insurance to \$50 million. The Insurance Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million in excess of \$2 million layer and (b) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million in excess of \$5 million layer; however, it is fully covered under a separate policy and therefore not retained by the Insurance Authority. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sublimit of \$30 million per occurrence.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

11. INSURANCE PROGRAM (CONTINUED):

B. Self-Insurance Programs of the Insurance Authority (Continued):

Workers' Compensation: Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2016-17, the Insurance Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and employer's liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance:

Pollution Legal Liability Insurance: The City participates in the pollution legal liability insurance program, 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 an aggregate limit of \$50 million for the three-year period from July 1, 2014 through July 1, 2017. Each member of the Insurance Authority has a \$10 million sublimit during the three-year policy term.

Property Insurance: The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. City property currently has all-risk property insurance protection in the amount of \$43,750,609. There is a \$5,000 deductible per occurrence except for nonemergency vehicle insurance, which has a \$2,500 deductible.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

11. INSURANCE PROGRAM (CONTINUED):

C. Purchased Insurance (Continued):

Earthquake and Flood Insurance: The City 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. City property currently has earthquake protection in the amount of \$37,562,035. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance: The City 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.

Special Event Tenant-User Liability Insurance: The City further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant-user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays for the insurance. The insurance is facilitated by the Insurance Authority.

D. Adequacy of Protection:

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2016-17.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS:

The City's governmental fund balances at June 30, 2017, are tabulated below, followed by explanations as to the nature and purpose of each classification.

	General	Special Revenue Funds		Capital Projects	Other Govt. Funds	Total Govt. Funds
		Housing Agency Section 8	Federal Grants	Capital Improvement Fund		
Nonspendable:						
Long-term receivables/advances	\$25,209,917	\$ -	\$ -	\$ -	\$ -	\$25,209,917
Restricted for:						
Debt service	-	-	-	-	-	-
Housing Agency	-	624,706	-	-	-	624,706
HOME	-	-	-	-	1,274,433	1,274,433
CalHome Grant	-	-	-	-	249,137	249,137
Lighting assessment district	-	-	-	-	205,008	205,008
Park development	-	-	-	-	40,580	40,580
Prop A	-	-	-	-	2,197,988	2,197,988
Prop C	-	-	-	-	1,275,787	1,275,787
Measure R	-	-	-	-	869,317	869,317
AQMD	-	-	-	-	336,821	336,821
State Grants	-	-	-	-	-	-
Economic Development						
Assistance Grant	-	-	-	-	2,144,394	2,144,394
Image enhancement	-	-	-	-	212,187	212,187
Sewer maintenance	-	-	-	-	828,078	828,078
Reach Grants	-	-	-	-	434,365	434,365
Cable/PEG support	-	-	-	-	185,634	185,634
Housing Agency LMIHF	-	-	-	-	2,034,584	2,034,584
Narcotics forfeiture	-	-	-	-	6,155	6,155
Flossmoor Road Sewer Assessment District	-	-	-	-	-	-
Paramount/Mines Landscape Maintenance District	-	-	-	-	8,176	8,176
2009 Bond capital projects	-	-	-	-	86	86
Committed to:						
Emergency Reserve/ Economic stabilization/stimulus	9,476,700	-	-	-	-	9,476,700
Assigned to:						
OPEB Unfunded Liability	5,952,000	-	-	-	-	5,952,000
Leave Liability	297,700	-	-	-	-	297,700
Equipment Replacement	677,000	-	-	-	-	677,000
Self-insured Retention	500,000	-	-	-	-	500,000
Bond Refinancing/Reserve	6,000,000	-	-	-	-	6,000,000
Capital improvements	1,000,000	-	-	-	-	1,000,000
Unassigned	<u>10,621,156</u>	<u>-</u>	<u>(701,462)</u>	<u>(45,649)</u>	<u>(402,283)</u>	<u>9,471,762</u>
Total Fund Balances	<u>\$59,734,473</u>	<u>\$ 624,706</u>	<u>\$ (701,462)</u>	<u>\$ (45,649)</u>	<u>\$ 11,900,447</u>	<u>\$71,512,515</u>

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED):

A. Nonspendable Fund Balances:

Long-term receivables/advances cannot be spent since they are not in spendable form.

B. Updated Reserve Policies: Committed and Assigned Fund Balances:

The City Council adopted updated comprehensive reserve policies conforming to GASB Statement 54 on June 14, 2016. These updated reserve policies supersede the policies originally adopted on June 14, 2011.

The updated policies reconfirmed a commitment for “Emergency Reserve/Economic Uncertainty Reserve” and established assignments for the following uses/reasons:

- Other Post-Employment Benefits Unfunded Liability
- Leave Liability
- Equipment Replacement
- Self-Insured Retention
- Bond Refinancing/Reserve
- Capital Improvements

C. Committed Fund Balances:

Committed funds describe a portion of the fund balance that is constrained by limitations imposed by the City Council. The City Council imposed limitation must occur no later than the close of the reporting period (i.e., end of the fiscal year) and remains binding unless removed under the same manner. A commitment is made by City Council adoption of a resolution that states the amount and purpose of the commitment.

The City Council adopted reserve policies effective June 14, 2016, that established a commitment for emergencies/economic stabilization equal to an amount calculated as 25% of the General Fund’s annual operating revenues. For the fiscal year ending June 30, 2017, this commitment is equal to \$9,476,700.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED):

C. Committed Fund Balances (Continued):

Generally, appropriations and access to these committed funds will be reserved for emergency situations. Examples of such emergencies include, but are not limited to the following:

- Reduction in revenue equal to or greater than 20% of adopted General Fund revenues in a given fiscal year
- An unplanned major catastrophic event such as a natural disaster requiring expenditures over 10% of the General Fund–adopted appropriations in a given fiscal year
- Unfunded and/or unpredictable state or federal legislative or judicial mandates
- Any other unforeseen event that causes the City to expend funds in excess of 10% of General Fund–adopted appropriations in a given fiscal year

D. Assigned Fund Balances:

Assigned funds describe the portion of the General Fund reserves that reflect the use of resources by the City Council intended to provide a means and source of funding for various near-term and long-term needs. This policy grants authority to assign funds to the Director of Finance. Assignment of reserves may be modified by the Director of Finance as part of the annual budget process. Use of assigned funds requires formal action by the City Council to appropriate funds in the appropriate account.

Specifically, this reserve policy establishes assignments for the following short-term and long-term needs at the various levels specified:

- OPEB Unfunded Liability
- Leave Liability
- Equipment Replacement
- Self-Insured Retention
- Bond Refinancing/Reserve
- Capital Improvement (Unfunded/Unprogrammed)

For the fiscal year ending June 30, 2017, total assignments equal \$14,426,700.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED):

E. Unassigned Fund Balance:

The General Fund may have net resources in excess of what is classified in one of the four previous categories (nonspendable, restricted, committed, or assigned). This amount is presented as the unassigned fund balance amount. Only the General Fund can report a positive unassigned fund balance. However, all governmental funds can report a negative unassigned fund balance.

This policy dictates that any amount of fund balance will be classified as “unassigned” after funding the emergency/economic stabilization reserve commitment plus the various assigned reserves made in accordance with the preceding section. This policy allows for “unassigned” funds and places no specific restrictions on their use. In general, the City Council could choose to utilize “unassigned” fund balance for one-time projects or uses in a given fiscal year. For the fiscal year ended June 30, 2017, the General Fund unassigned fund balance is \$10,851,445.

13. OTHER REQUIRED DISCLOSURES:

Deficit Fund Balances or Net Position:

The following funds reported deficit fund balances or net position at June 30, 2017:

Major Funds:

Federal Grants Special Revenue Fund	\$	701,462
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Capital Projects Fund:

Capital Improvement Funds	\$	45,649
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Other Governmental Funds:

Community Development Block Grant Special Revenue Fund	\$	7,551
State Grant		236,546
County Grants Special Revenue Fund		68,705
Transportation Development Act Special Revenue Fund		2,206
Flossmoor Road Sewer Assessment District		87,275

Other Enterprise Fund – Golf Course Fund	\$	643,665
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Management expects to eliminate the deficits with the collection of unavailable revenues or transfers from the General Fund. The Capital Improvement Capital Projects Fund deficit will be eliminated with either grant funds or transfers from the General Fund when outstanding contract retentions are paid. The Golf Course Enterprise Fund deficit will be eliminated through a combination of right-sizing of operations, improved revenue collection, and a short-term loan from the General Fund.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

13. OTHER REQUIRED DISCLOSURES (CONTINUED):

Excess of Expenditures over Appropriations:

Expenditures exceeded budgeted appropriations in the following funds:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 39,544,239	\$ 43,194,598	\$ (3,650,358)
Other Governmental Funds:			
State Grant	\$ 250,000	\$ 489,520	\$ (239,520)
Cable/PEG Support Special Revenue Fund	50,000	53,233	(3,233)
Economic Development Assistance Grant Special Revenue Fund	-	13,789	(13,789)

14. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 28, 2011, Assembly Bills x1 26 (the Dissolution Act) and x1 27 was enacted as part of the fiscal year 2011-12 state budget package, which dissolved redevelopment.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the legislature passed and the governor signed Assembly Bill (AB) 1484, which made technical and substantive amendments to the Dissolution Act based on experience to date at the state and local level in implementing the Dissolution Act.

In September 2015, the Legislature passed and the Governor signed Senate Bill 107, which made additional changes to the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each Dissolved RDA) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA, which is the sponsoring community of the Dissolved RDA, unless it elected not to serve as the Successor Agency. On January 10, 2012, the City became the Successor Agency of the former redevelopment agency by operation of law in accordance with the Senate Bill 107.

The Dissolution Act also created oversight boards that monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards are to administer the wind-down of each Dissolved RDA, which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets), and remitting the unencumbered balances of the Dissolved RDAs to the Los Angeles County Auditor-Controller for distribution to the affected taxing entities.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

14. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions, and all related housing assets will be transferred to the local housing authority in the jurisdiction.

AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The Housing Assistance Agency elected on January 27, 2012, to serve as the Housing Successor Agency.

As of the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Housing Agency LMIHF Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (Private-Purpose Trust Fund) in the financial statements of the City.

In current and future fiscal years, the Successor Agency will only be allocated revenue from the County in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the Dissolved RDA until all enforceable obligations of the Dissolved RDA have been paid in full and all assets have been liquidated.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

15. SUCCESSOR AGENCY DISCLOSURES:

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency to the City of Pico Rivera Redevelopment Agency on February 1, 2012, as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosures related to these assets and liabilities are as follows:

A. Capital Assets:

	Balance at <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2017</u>
Capital assets, not being depreciated:				
Land	\$ 258,023	\$ -	\$ -	\$ 258,023
Total capital assets, not being depreciated	<u>258,023</u>	<u>-</u>	<u>-</u>	<u>258,023</u>
Capital assets, being depreciated:				
Structures and improvements	162,237	-	-	162,237
Furniture and equipment	5,110	-	-	5,110
Infrastructure	<u>50,615</u>	<u>-</u>	<u>-</u>	<u>50,615</u>
Total capital assets, being depreciated	<u>217,962</u>	<u>-</u>	<u>-</u>	<u>217,962</u>
Less accumulated depreciation:				
Structures and improvements	(114,008)	(3,526)	-	(117,534)
Furniture and equipment	(5,110)	-	-	(5,110)
Infrastructure	<u>(13,611)</u>	<u>(1,235)</u>	<u>-</u>	<u>(14,846)</u>
Total accumulated depreciation	<u>(132,729)</u>	<u>(4,761)</u>	<u>-</u>	<u>(137,490)</u>
Total capital assets, being depreciated, net	<u>85,233</u>	<u>(4,761)</u>	<u>-</u>	<u>80,472</u>
Successor Agency activities capital assets, net	<u>\$ 343,256</u>	<u>\$ (4,761)</u>	<u>\$ -</u>	<u>\$ 338,495</u>

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

B. Loans Receivable:

Two low-interest loans were issued by the former 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 10-26 years from the date of the loan. The amount of the loans outstanding at June 30, 2017, is \$373,142.

C. Payable to the City of Pico Rivera:

(1) The City had an agreement with the former Redevelopment Agency providing for the advance of funds to finance improvements and operations relating to and within the former Redevelopment Agency's project areas. The former Redevelopment Agency had been accruing interest on the original advances at a rate of 12% per annum, which were adjusted retroactively to 7% in fiscal year 2011-12. In fiscal year 2012-13, the Department of Finance ruled that the rate for which interest was accrued on advances to former redevelopment agencies could not exceed effective LAIF rates. Therefore, the City retroactively recalculated interest using existing LAIF rates. As a result, the balance of the advance was written down by \$3,916,128 during fiscal year 2012-13. At June 30, 2017, the net advance balance was \$17,230,483, which included accrued interest of \$8,067,916 and a 25% reserve against this balance totaling \$4,307,621 due to the estimated collectability by the General Fund as a result of the winding down of the affairs of the former Redevelopment Agency.

(2) Sales Tax Loan from the City of Pico Rivera:

The City and former Redevelopment Agency entered into an agreement whereby the City will defer its portion of sales tax revenues (City Deferrals) generated within the project area and advance the monies to the former Redevelopment Agency to allow the former Redevelopment Agency to meet its debt service obligations. The former Redevelopment Agency had been accruing interest on the original deferrals at a rate of 7%. In fiscal year 2012-13, the Department of Finance ruled that the rate for which interest was accrued on advances to the former Redevelopment Agencies could not exceed effective LAIF rates. Therefore, the City retroactively recalculated interest using existing LAIF rates. As a result, the balance of the advance was written down by \$6,463,413 during fiscal year 2012-13. At June 30, 2017, the balance of the City Deferrals including interest was \$27,772,346.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

C. Payable to the City of Pico Rivera (Continued):

(2) Sales Tax Loan from the City of Pico Rivera (Continued):

In previous years, the sales tax loan from the City was reported as a commitment with the interest rate and outstanding balance described in the footnotes, but the sales tax loan was not recorded as a liability in the financial statements due to uncertainty as to the City's intent to enforce collection. In March 2011, the City Council took action and approved a resolution acknowledging the receivable owed by the former Redevelopment Agency and affirming the City's willingness to enforce collection of the amount. Accordingly, the liability of \$27,772,346 has been recorded in the statement of fiduciary net position. Under the terms of the agreement, payments are to be made by the Successor Agency to the City to the extent money is available. Due to the payment terms, the long-term nature of the loan, and management's expectation that repayment will not begin for some time, the City has fully reserved against the receivable on the statement of net position.

AB 1484 specifies the actions to be taken and the method of repayment for advances and loans between the Successor Agency, the City, and the Water Authority. Upon application and approval by the Successor Agency and the oversight board, loan agreements (advances) entered into by the former Redevelopment Agency and the City shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the advances were for legitimate redevelopment purposes.

The advances are to be repaid with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by the funds deposited into LAIF. The annual advance repayments are subject to certain limitations, including the requirement that 20% of all advance repayments are to be transferred to the Housing Agency Low and Moderate Income Housing Special Revenue Fund to fund Housing Successor Agency activity. Additionally, repayments are subject to a formula distribution and have a lower priority for repayment as described in AB 1484 (Health and Safety Code Section 34191.4(2)(A)). Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law, and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would not be in favor of the City.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

D. Payable to the Pico Rivera Housing Assistance Agency:

Prior to dissolution, the former Redevelopment Agency had borrowed low- and moderate-income housing set-aside funds to make the payments to the Supplemental Education Revenue Augmentation Fund in accordance with the State of California mandate. These loans are to be repaid to the Redevelopment Agency in its capacity as the Successor Agency as follows:

<u>Loan #</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Loan Amount</u>	<u>Repayment Terms</u>
1	12/08/09	0%	\$ 1,667,788	By June 30, 2017
2	03/08/11	0%	343,368	By June 30, 2017
			<u>\$ 2,011,156</u>	

Although the repayment terms on these loans are due or becoming due in the current period, the City does not expect the Successor Agency to the former Redevelopment Agency to have enough residual for payment of these obligations, and therefore, this liability is considered long-term. Repayment funding availability is calculated by the Los Angeles County Auditor-Controller's office twice a year and will be requested when substantial funds are available for the repayment of these loans.

E. Payable to the Pico Rivera Water Authority:

(1) The Water Authority had an agreement with the former Redevelopment Agency dated January 15, 1990, providing for the advance of funds to finance improvements relating to and within the former Redevelopment Agency's project areas. Interest had been accrued on these advances at a rate of 7%. In fiscal year 2012-13, the Department of Finance ruled that the rate for which interest was accrued on advance to former Redevelopment Agency could not exceed effective LAIF rates. Therefore, interest has been retroactively recalculated using LAIF rates. As a result, the balance of the advance was written down by \$89,272 during fiscal year 2012-13. At June 30, 2017, the net advance balance was \$243,806, which includes accrued interest of \$113,806.

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

E. Payable to the Pico Rivera Water Authority (Continued):

(2) In January 2001, the Water Authority used the proceeds of its Revenue Bonds, Series 2001 (see Note 6) to purchase the former Redevelopment Agency's Tax Allocation Refunding Bonds, Series 2001 issue for \$38,020,100, which was recorded by the former Redevelopment Agency as advances from the Water Authority. Principal and interest payments on the advance are scheduled to cover and coincide with the Water Authority's debt service requirements on its Revenue Bonds, Series 2001. At June 30, 2017, the Water Authority's advances to the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund amounted to \$25,649,979 (including accrued interest of \$156,479).

The Tax Allocation Refunding Bonds recorded as an advance from the Water Authority and the debt service requirements, which cover and coincide with the Water Authority's debt service requirements on its Revenue Bonds, Series 2001, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,510,000	\$ 1,824,900	\$ 3,334,900
2019	1,615,000	1,715,525	3,330,525
2020	1,730,000	1,598,450	3,328,450
2021	1,850,000	1,473,150	3,323,150
2022	1,980,000	1,339,100	3,319,100
2023 - 2027	10,270,000	4,464,950	14,734,950
2028 - 2032	6,515,000	1,534,575	8,049,575
2033 - 2033	<u>1,355,000</u>	<u>47,425</u>	<u>1,402,425</u>
Total	<u>\$ 26,825,000</u>	<u>\$ 13,998,075</u>	<u>\$ 40,823,075</u>

At June 30, 2017, the balance of the advances from the Water Authority to the Successor Agency to the Redevelopment Agency Private Purpose-Trust Fund is composed of the following:

Outstanding balance on revenue bonds	\$ 26,825,000
Less: unamortized revenue bond discount	(1,331,500)
Plus: accrued unpaid interest	<u>156,479</u>
	<u>\$ 25,649,979</u>

CITY OF PICO RIVERA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

F. Payable to the County of Los Angeles:

County Deferral:

The former 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 Successor Agency to meet the former Redevelopment Agency's debt service obligations. The County Deferral accrues simple interest equal to 5% of the current year's annual deferral amount. After that, no additional interest accrues. The County Deferral is to be repaid with the excess of property tax revenues received by the Successor Agency in excess of its debt payment requirements. The County Deferral is recorded as revenue when received. At June 30, 2017, the balance of the County Deferral including interest was \$41,755,241. There is no fixed payment schedule for the repayment of the County Deferral.

G. Prior Period Adjustment:

During the current fiscal year, the Successor Agency identified a difference in the amount that was calculated as payable to the County of Los Angeles. The County of Los Angeles confirmed an amount that was higher than the carrying balance of debt on the Successor Agencies financial statements. The entire difference related to calculation of interest payable from previous years and therefore the Successor Agency corrected this error in the current fiscal year through an adjustment to opening net position.

The effect of the prior period adjustment on the accompanying financial statements is as follows:

Net Position as Previously Stated	\$ (107,491,444)
Adjustment for Correction of Error	<u>(1,887,566)</u>
Net Position, as Restated	<u>\$ (109,379,010)</u>

16. SUBSEQUENT EVENTS:

Other events occurring after June 30, 2017, have been evaluated for possible adjustments to the financial statements or disclosure as of February 28, 2018, which is the date these financial statements were available to be issued.

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CITY OF PICO RIVERA
REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PICO RIVERA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
MISCELLANEOUS PLAN

Last Ten Fiscal Years*

	2017	2016	2015
	June 30, 2016	June 30, 2015	June 30, 2014
Measurement period:			
Total Pension Liability:			
Service cost	\$ 1,410,606	\$ 1,411,834	\$ 1,447,138
Interest on total pension liability	6,980,849	6,826,754	6,624,512
Differences between expected and actual experience	(1,495,731)	(845,358)	-
Changes in assumptions	-	(1,681,626)	-
Changes in benefits	-	-	-
Benefit payments, including refunds of employee contributions	(4,769,549)	(4,686,299)	(4,544,162)
Net Change in Total Pension Liability	2,126,175	1,025,305	3,527,488
Total Pension Liability - Beginning of Year	94,428,137	93,402,832	89,875,344
Total Pension Liability - End of Year (a)	<u>\$ 96,554,312</u>	<u>\$ 94,428,137</u>	<u>\$ 93,402,832</u>
Plan Fiduciary Net Position:			
Plan-to-plan resource movement	\$ -	\$ 12	\$ -
Contributions - employer	2,352,483	2,240,763	2,552,214
Contributions - employee	681,785	716,687	671,298
Net investment income	328,225	1,459,065	10,012,754
Administrative expenses	(39,896)	(73,643)	-
Benefit payments	(4,769,549)	(4,686,299)	(4,544,162)
Net Change in Plan Fiduciary Net Position	(1,446,952)	(343,415)	8,692,104
Plan Fiduciary Net Position - Beginning of Year	65,462,296	65,805,711	57,113,607
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 64,015,344</u>	<u>\$ 65,462,296</u>	<u>\$ 65,805,711</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 32,538,968</u>	<u>\$ 28,965,841</u>	<u>\$ 27,597,121</u>
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.32%	70.45%
Covered - employee payroll	\$ 8,817,942	\$ 8,675,393	\$ 8,586,318
Net pension liability as percentage of covered- employee payroll	369.01%	333.89%	321.41%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

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

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

* - Fiscal year 2015 was the first year of implementation; therefore; only three years are shown.

CITY OF PICO RIVERA

SCHEDULE OF CONTRIBUTIONS
MISCELLANEOUS PLAN

Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,552,612	\$ 2,352,483	\$ 2,240,762
Contributions in relation to the actuarially determined contributions	<u>(2,552,612)</u>	<u>(2,352,483)</u>	<u>(2,240,762)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 9,203,725	\$ 8,817,942	\$ 8,675,393
Contributions as a percentage of covered - employee payroll	27.73%	26.68%	25.83%

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	2.5% at 55 and 2% at 60 retirement age from 50-67, 2% at 62 retirement age 52-67**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by CalPERS Board of Directors.**

* - Fiscal year 2015 was the first year of implementation; therefore, only three years are shown.

** - The valuation for June 30, 2012 and 2013 (applicable to fiscal years ended June 30, 2015 and 2016, respectively) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013 and 2014, valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively).

CITY OF PICO RIVERA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
COUNCIL PLAN

Last Ten Fiscal Years*

	2017	2016	2015
Measurement period:	June 30, 2017	June 30, 2016	June 30, 2015
Total Pension Liability:			
Service cost	\$ 6,809	\$ 6,547	\$ 6,329
Interest on total pension liability	11,642	11,117	10,751
Differences between expected and actual experience	-	(9,032)	-
Changes in assumptions	8,226	7,389	-
Benefit payments, including refunds of employee contributions	<u>(10,426)</u>	<u>(10,426)</u>	<u>(10,426)</u>
Net Change in Total Pension Liability	16,251	5,595	6,654
Total Pension Liability - Beginning of Year	<u>164,633</u>	<u>159,038</u>	<u>152,384</u>
Total Pension Liability - End of Year (a)	<u><u>\$ 180,884</u></u>	<u><u>\$ 164,633</u></u>	<u><u>\$ 159,038</u></u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 17,266	\$ 18,647	\$ 17,957
Contributions - employee	-	-	-
Net investment income	13,784	83	2,392
Administrative expenses	(655)	(575)	(540)
Benefit payments	<u>(10,426)</u>	<u>(10,426)</u>	<u>(10,426)</u>
Net Change in Plan Fiduciary Net Position	19,969	7,729	9,383
Plan Fiduciary Net Position - Beginning of Year	<u>117,261</u>	<u>109,532</u>	<u>100,149</u>
Plan Fiduciary Net Position - End of Year (b)	<u><u>\$ 137,230</u></u>	<u><u>\$ 117,261</u></u>	<u><u>\$ 109,532</u></u>
Net Pension Liability - Ending (a)-(b)	<u><u>\$ 43,654</u></u>	<u><u>\$ 47,372</u></u>	<u><u>\$ 49,506</u></u>
Plan fiduciary net position as a percentage of the total pension liability	75.87%	71.23%	68.87%
Covered - employee payroll	\$ 57,622	\$ 55,406	\$ 57,622
Net pension liability as percentage of covered - employee payroll	75.76%	85.50%	85.92%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The June 30, 2015, valuation reflected assumption changes (mortality, disability, and inflation) consistent with the 2014 CalPERS Experience Study.

* - Fiscal year 2015 was the first year of implementation; therefore, only three years are shown.

CITY OF PICO RIVERA

SCHEDULE OF CONTRIBUTIONS - COUNCIL PLAN

Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 18,616	\$ 17,266	\$ 17,957
Contributions in relation to the actuarially determined contributions	<u>(17,266)</u>	<u>(18,647)</u>	<u>(17,957)</u>
Contribution deficiency (excess)	<u>\$ 1,350</u>	<u>\$ (1,381)</u>	<u>\$ -</u>
Covered - employee payroll	\$ 57,622	\$ 55,406	\$ 57,622
Contributions as a percentage of covered - employee payroll	29.96%	33.66%	31.16%

Notes to Schedule:

Valuation Date	7/1/2015	7/1/2015	6/30/2013
Methods and Assumptions Used to Determine Contribution Rates:			
Single and agent employers	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, closed period	Level dollar, closed period	Level dollar, closed period
Remaining amortization period	7-year fixed	7-year fixed	9-year fixed
Asset valuation method	Market	Market	Market
Inflation	2.75%	2.75%	3.00%
Salary increases	4.00%	4.00%	4.00%
Investment rate of return	6.50%	7.00%	7.00%
Retirement age	55 years	55 years	55 years
Mortality	(1)	(1)	(1)

- (1) Pre-Retirement: Consistent with the nonindustrial rates used to value the Miscellaneous CalPERS Pension Plans. Post-Retirement: CalPERS 1997-2011 Healthy Retiree Tables (sex-distinct) with assumed base year of 2008 and full generational projections using Scale AA.

SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN - COUNCIL PLAN

Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net money-weighted rate of return	11.48%	2.33%	0.07%

* - Fiscal year 2015 was the first year of implementation; therefore, only three years are shown.

CITY OF PICO RIVERA

SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS

For the year ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Payroll [(b)-(a)]/c]
06/30/11	\$ -	\$ 34,688,000	\$ 34,688,000	0.00%	\$ 8,977,000	386.4%
06/30/13	-	37,256,000	37,256,000	0.00%	7,985,000	466.6%
06/30/15	-	39,680,000	39,680,000	0.00%	8,162,000	486.2%

CITY OF PICO RIVERA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Taxes and assessments	\$ 32,207,800	\$ 32,207,800	\$ 31,852,855	\$ (354,945)
Licenses and permits	2,553,500	2,627,600	2,442,190	(185,410)
Intergovernmental	240,000	248,000	298,576	50,576
Charges for services	1,829,000	1,654,000	2,018,892	364,892
Fines, forfeitures, and penalties	1,100,000	1,105,000	898,203	(206,797)
Investment and rental	33,000	33,000	91,218	58,218
Miscellaneous	495,100	583,000	304,905	(278,095)
TOTAL REVENUES	<u>38,458,400</u>	<u>38,458,400</u>	<u>37,906,839</u>	<u>(551,561)</u>
EXPENDITURES:				
Current:				
General government	7,036,235	11,031,385	11,573,687	(542,302)
Public safety	11,634,000	11,523,000	11,358,158	164,842
Public works	9,720,000	9,637,197	8,626,627	1,010,570
Parks and recreation	4,647,700	4,642,750	4,606,045	36,705
Community development	2,763,940	2,709,908	2,735,317	(25,409)
Debt service:				
Principal	665,000	665,000	980,000	(315,000)
Interest and fiscal charges	1,651,000	1,651,000	655,944	995,056
Bond issuance costs	-	-	520,424	(520,424)
Payments to refunding escrow agent	-	-	2,368,685	(2,368,685)
TOTAL EXPENDITURES	<u>38,117,875</u>	<u>41,860,240</u>	<u>43,424,887</u>	<u>(1,564,647)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>340,525</u>	<u>(3,401,840)</u>	<u>(5,518,048)</u>	<u>(2,116,208)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,557,400	4,000,000	2,070,564	(1,929,436)
Transfers out	(2,058,300)	(6,211,834)	(1,655,306)	4,556,528
Proceeds from bond issuance	-	-	30,470,000	30,470,000
Premiums from bond issuance	-	-	3,082,378	3,082,378
Payments to refunding escrow agent	-	-	(33,021,008)	(33,021,008)
TOTAL OTHER FINANCING SOURCES (USES)	<u>499,100</u>	<u>(2,211,834)</u>	<u>946,628</u>	<u>3,158,462</u>
NET CHANGE IN FUND BALANCE	839,625	(5,613,674)	(4,571,420)	1,042,254
FUND BALANCE - BEGINNING OF YEAR	<u>64,305,893</u>	<u>64,305,893</u>	<u>64,305,893</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 65,145,518</u>	<u>\$ 58,692,219</u>	<u>\$ 59,734,473</u>	<u>\$ 1,042,254</u>

See accompanying note to required supplementary information.

CITY OF PICO RIVERA

BUDGETARY COMPARISON SCHEDULE

HOUSING AGENCY SECTION 8 SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 5,000,000	\$ 5,000,000	\$ 5,229,036	\$ 229,036
Investment and rental	500	500	1,617	1,117
Miscellaneous	25,000	25,000	37,261	12,261
TOTAL REVENUES	5,025,500	5,025,500	5,267,914	242,414
EXPENDITURES:				
Current:				
Health and welfare	5,302,076	5,155,850	5,097,637	58,213
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(276,576)	(130,350)	170,277	300,627
FUND BALANCE - BEGINNING OF YEAR	454,429	454,429	454,429	-
FUND BALANCE - END OF YEAR	\$ 177,853	\$ 324,079	\$ 624,706	\$ 300,627

See accompanying note to required supplementary information.

CITY OF PICO RIVERA
 BUDGETARY COMPARISON SCHEDULE
 FEDERAL GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 4,016,000	\$ 4,305,833	\$ 322,636	\$ (3,983,197)
EXPENDITURES:				
Current:				
Public works	-	548,334	-	548,334
TOTAL EXPENDITURES	-	548,334	-	548,334
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,016,000	3,757,499	322,636	(3,434,863)
OTHER FINANCING USES:				
Transfers in	-	-	10,000	10,000
Transfers out	(4,016,000)	(3,743,642)	(40,925)	3,702,717
TOTAL OTHER FINANCING SOURCES (USES)	(4,016,000)	(3,743,642)	(30,925)	3,712,717
NET CHANGE IN FUND BALANCE	-	13,857	291,711	277,854
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(993,173)	(993,173)	(993,173)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (993,173)	\$ (979,316)	\$ (701,462)	\$ 277,854

See accompanying note to required supplementary information.

CITY OF PICO RIVERA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

1. BUDGETARY CONTROL AND ACCOUNTING:

The City of Pico Rivera (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.

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. There were no budgeted appropriations for the Housing Agency Low and Moderate Income Housing Special Revenue Fund, which is used to account for all successor agency housing activities; the Narcotics Forfeiture Special Revenue Fund, which is used to account for revenues received through drug-related asset seizures and any drug-related convictions; the County Grants Special Revenue Fund, which accounts for various Los Angeles County grants that are restricted to specific programs and projects, the Flossmoor Road Sewer Assessment District Capital Project Fund, which is used to account for funds received for the installation of sewers; and the 2009 Lease Revenue Bond Capital Projects Fund, which is used to account for the proceeds of the 2009 Lease Revenue Bonds and all capital expenditures paid from proceeds of the bond. Accordingly, no budgetary comparison for these funds is presented in the financial statements. Budgeted revenue amounts represent the original budget modified by City 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.

CITY OF PICO RIVERA
SUPPLEMENTARY INFORMATION

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**CITY OF PICO RIVERA
OTHER MAJOR FUND**

BUDGETARY COMPARISON SCHEDULE

CITY OF PICO RIVERA

BUDGETARY COMPARISON SCHEDULE

CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND - MAJOR FUND

For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public works	548,334	548,334	-	548,334
Capital outlay	19,627,320	16,198,441	2,453,883	13,744,558
TOTAL EXPENDITURES	20,175,654	16,746,775	2,453,883	14,292,892
EXCESS OF REVENUES UNDER EXPENDITURES	(20,175,654)	(16,746,775)	(2,453,883)	14,292,892
OTHER FINANCING SOURCES (USES):				
Transfers in	39,195,540	16,287,681	1,897,896	(14,389,785)
Transfers out	(1,792,928)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	37,402,612	16,287,681	1,897,896	(14,389,785)
NET CHANGE IN FUND BALANCE	17,226,958	(459,094)	(555,987)	(96,893)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	510,338	510,338	510,338	-
FUND BALANCE - END OF YEAR	\$ 17,737,296	\$ 51,244	\$ (45,649)	\$ (96,893)

CITY OF PICO RIVERA

DESCRIPTION OF OTHER GOVERNMENTAL FUNDS

June 30, 2017

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 US Department of Housing and Urban Development for the purpose of Housing Rehabilitation, Social Services, and qualified capital improvements.

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

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

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

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

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

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

HOME Grant Fund accounts for funds received from the US Department of Housing and Urban Development for the purpose of housing loans and rehabilitation.

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

CITY OF PICO RIVERA

DESCRIPTION OF OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2017

SPECIAL REVENUE FUNDS (CONTINUED)

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

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

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

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.

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

Sewer Maintenance Fund accounts for direct assessments on property for annual and long-term maintenance of the sewer system.

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

Cable/PEG Support Fund accounts for fees received that are restricted to upgrades to the City's cable system.

Transportation Development Act Fund accounts for funds received from the State of California Department of Transportation for the development and support of public transportation needs.

Housing Agency Low and Moderate Income Housing Fund (LMIHF) accounts for assets received from dissolution of the former Pico Rivera Redevelopment Agency dedicated to low- and moderate-income housing activities pursuant to the California Health and Safety Code.

Narcotics Forfeiture Fund accounts for revenues received through drug-related asset seizures and any drug related convictions.

CITY OF PICO RIVERA

DESCRIPTION OF OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2017

CAPITAL PROJECTS FUNDS

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

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.

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.

CITY OF PICO RIVERA
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS

June 30, 2017

	Special Revenue Funds		
	Community Development Block Grant	State Gas Tax	Lighting Assessment District
ASSETS			
Cash and investments	\$ -	\$ -	\$ 166,851
Accounts receivable	74,984	-	-
Taxes receivable	-	-	36,959
Interest receivable	-	-	1,198
Long-term receivables	209,345	-	-
Prepaid items	-	-	-
Receivables from Successor Agency	-	-	-
	<u>\$ 284,329</u>	<u>\$ -</u>	<u>\$ 205,008</u>
TOTAL ASSETS			
	<u>\$ 284,329</u>	<u>\$ -</u>	<u>\$ 205,008</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 25,256	\$ -	\$ -
Accrued liabilities	9,402	-	-
Due to other funds	40,326	-	-
Due to other agencies	216,896	-	-
	<u>291,880</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES			
	<u>291,880</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):			
Restricted	-	-	205,008
Unassigned	(7,551)	-	-
	<u>(7,551)</u>	<u>-</u>	<u>205,008</u>
TOTAL FUND BALANCES (DEFICITS)			
	<u>(7,551)</u>	<u>-</u>	<u>205,008</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
	<u>\$ 284,329</u>	<u>\$ -</u>	<u>\$ 205,008</u>

Special Revenue Funds (Continued)

Park Development	Prop A	Prop C	Measure R	HOME Grant	CalHOME Grant
\$ 40,419	\$ 2,279,057	\$ 1,273,686	\$ 865,429	\$ 1,270,566	\$ 249,137
-	23,919	-	112,092	552	-
-	-	-	-	-	-
161	9,315	4,610	3,888	-	-
-	-	-	-	3,579,153	1,475,354
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 40,580</u>	<u>\$ 2,312,291</u>	<u>\$ 1,278,296</u>	<u>\$ 981,409</u>	<u>\$ 4,850,271</u>	<u>\$ 1,724,491</u>
\$ -	\$ 89,898	800	\$ -	\$ -	\$ -
-	486	1,709	-	-	-
-	-	-	-	-	-
-	-	-	-	3,575,286	1,475,354
-	90,384	2,509	-	3,575,286	1,475,354
-	23,919	-	112,092	552	-
40,580	2,197,988	1,275,787	869,317	1,274,433	249,137
-	-	-	-	-	-
<u>40,580</u>	<u>2,197,988</u>	<u>1,275,787</u>	<u>869,317</u>	<u>1,274,433</u>	<u>249,137</u>
<u>\$ 40,580</u>	<u>\$ 2,312,291</u>	<u>\$ 1,278,296</u>	<u>\$ 981,409</u>	<u>\$ 4,850,271</u>	<u>\$ 1,724,491</u>

(Continued)

CITY OF PICO RIVERA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30 ,2017

Special Revenue Funds (Continued)			
	Air Quality Improvement	County Grants	State Grants
ASSETS			
Cash and investments	\$ 304,151	\$ 17,334	\$ 167,592
Accounts receivable	20,863	92,319	514,481
Taxes receivable	-	-	-
Interest receivable	1,207	-	667
Long-term receivables	-	-	-
Prepaid items	10,600	-	-
Receivables from Successor Agency	-	-	-
TOTAL ASSETS	\$ 336,821	\$ 109,653	\$ 682,740
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ -	\$ -	\$ 138,141
Accrued liabilities	-	-	-
Due to other funds	-	66,612	377,135
Due to other agencies	-	19,427	-
TOTAL LIABILITIES	-	86,039	515,276
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	-	92,319	404,010
FUND BALANCES (DEFICITS):			
Restricted	336,821	-	-
Unassigned	-	(68,705)	(236,546)
TOTAL FUND BALANCES (DEFICITS)	336,821	(68,705)	(236,546)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 336,821	\$ 109,653	\$ 682,740

Special Revenue Funds (Continued)

Economic Development Assistance Grant	Image Enhancement	Sewer Maintenance	Reach Grants	Cable/PEG Support	Transportation Development Act
\$ 2,145,457	\$ 211,419	\$ 840,089	\$ 541,309	\$ 185,725	\$ -
-	-	-	-	-	63,192
8,533	768	646	3,459	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,153,990</u>	<u>\$ 212,187</u>	<u>\$ 840,735</u>	<u>\$ 544,768</u>	<u>\$ 185,725</u>	<u>\$ 63,192</u>
\$ 9,596	\$ -	\$ 8,131	\$ 24,865	\$ -	\$ -
-	-	4,526	5,355	91	-
-	-	-	-	-	63,005
-	-	-	80,183	-	-
<u>9,596</u>	<u>-</u>	<u>12,657</u>	<u>110,403</u>	<u>91</u>	<u>63,005</u>
-	-	-	-	-	2,393
2,144,394	212,187	828,078	434,365	185,634	-
-	-	-	-	-	(2,206)
<u>2,144,394</u>	<u>212,187</u>	<u>828,078</u>	<u>434,365</u>	<u>185,634</u>	<u>(2,206)</u>
<u>\$ 2,153,990</u>	<u>\$ 212,187</u>	<u>\$ 840,735</u>	<u>\$ 544,768</u>	<u>\$ 185,725</u>	<u>\$ 63,192</u>

(Continued)

CITY OF PICO RIVERA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2017

		Special Revenue Funds (Continued)		
		Housing Agency LMIHF	Narcotics Forfeiture	Total Special Revenue Funds
ASSETS				
Cash and investments		\$ 23,335	\$ 20,258	\$ 10,601,814
Accounts receivable		-	-	902,402
Taxes receivable		-	-	37,605
Interest receivable		93	-	33,899
Long-term receivables		-	-	5,263,852
Prepaid items		-	-	10,600
Receivables from Successor Agency		2,011,156	-	2,011,156
TOTAL ASSETS		<u>\$ 2,034,584</u>	<u>\$ 20,258</u>	<u>\$ 18,861,328</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ -	\$ 14,103	\$ 310,790
Accrued liabilities		-	-	21,569
Due to other funds		-	-	547,078
Due to other agencies		-	-	5,367,146
TOTAL LIABILITIES		<u>-</u>	<u>14,103</u>	<u>6,246,583</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue		-	-	635,285
FUND BALANCES (DEFICITS):				
Restricted		2,034,584	6,155	12,294,468
Unassigned		-	-	(315,008)
TOTAL FUND BALANCES (DEFICITS)		<u>2,034,584</u>	<u>6,155</u>	<u>11,979,460</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		<u>\$ 2,034,584</u>	<u>\$ 20,258</u>	<u>\$ 18,861,328</u>

Capital Projects Funds

Flossmoor Road Sewer Assessment District	Paramount/Mines Landscape Maintenance Assessment	2009 Lease Revenue Bond	Total Capital Projects Funds	Total Other Governmental Funds
\$ 3,474	\$ 8,145	\$ 86	\$ 11,705	\$ 10,613,519
-	-	-	-	902,402
-	-	-	-	37,605
14	31	-	45	33,944
-	-	-	-	5,263,852
-	-	-	-	10,600
-	-	-	-	2,011,156
<u>\$ 3,488</u>	<u>\$ 8,176</u>	<u>\$ 86</u>	<u>\$ 11,750</u>	<u>\$ 18,873,078</u>
\$ -	\$ -	\$ -	\$ -	\$ 310,790
-	-	-	-	21,569
90,763	-	-	90,763	637,841
-	-	-	-	5,367,146
<u>90,763</u>	<u>-</u>	<u>-</u>	<u>90,763</u>	<u>6,337,346</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>635,285</u>
-	8,176	86	8,262	12,302,730
<u>(87,275)</u>	<u>-</u>	<u>-</u>	<u>(87,275)</u>	<u>(402,283)</u>
<u>(87,275)</u>	<u>8,176</u>	<u>86</u>	<u>(79,013)</u>	<u>11,900,447</u>
<u>\$ 3,488</u>	<u>\$ 8,176</u>	<u>\$ 86</u>	<u>\$ 11,750</u>	<u>\$ 18,873,078</u>

CITY OF PICO RIVERA

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

For the year ended June 30, 2017

	Special Revenue Funds		
	Community Development Block Grant	State Gas Tax	Lighting Assessment District
REVENUES:			
Taxes and assessments	\$ -	\$ 1,213,475	\$ 1,500,837
Intergovernmental	546,617	-	-
Charges for services	-	-	-
Investment and rental	300	-	1,830
Miscellaneous	-	-	-
TOTAL REVENUES	546,917	1,213,475	1,502,667
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	632,555
Parks and recreation	-	-	-
Health and welfare	-	-	-
Community development	342,989	-	-
TOTAL EXPENDITURES	342,989	-	632,555
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	203,928	1,213,475	870,112
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(21,534)	(1,213,475)	(825,400)
TOTAL OTHER FINANCING SOURCES (USES)	(21,534)	(1,213,475)	(825,400)
NET CHANGE IN FUND BALANCES	182,394	-	44,712
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	(189,945)	-	160,296
FUND BALANCES (DEFICITS) - END OF YEAR	\$ (7,551)	\$ -	\$ 205,008

Special Revenue Funds (Continued)

Park Development	Prop A	Prop C	Measure R	HOME Grant	CalHOME Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,171,152	974,150	1,011,702	-	855,956
11,550	-	-	-	-	-
490	32,899	12,831	9,612	257,780	25,088
-	35,702	-	-	-	124,868
<u>12,040</u>	<u>1,239,753</u>	<u>986,981</u>	<u>1,021,314</u>	<u>257,780</u>	<u>1,005,912</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	834,224	72,102	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	249,546	3,405
<u>-</u>	<u>834,224</u>	<u>72,102</u>	<u>-</u>	<u>249,546</u>	<u>3,405</u>
<u>12,040</u>	<u>405,529</u>	<u>914,879</u>	<u>1,021,314</u>	<u>8,234</u>	<u>1,002,507</u>
-	-	-	-	-	-
-	(19,087)	(240,863)	(446,668)	-	-
<u>-</u>	<u>(19,087)</u>	<u>(240,863)</u>	<u>(446,668)</u>	<u>-</u>	<u>-</u>
12,040	386,442	674,016	574,646	8,234	1,002,507
28,540	1,811,546	601,771	294,671	1,266,199	(753,370)
<u>\$ 40,580</u>	<u>\$ 2,197,988</u>	<u>\$ 1,275,787</u>	<u>\$ 869,317</u>	<u>\$ 1,274,433</u>	<u>\$ 249,137</u>

(Continued)

CITY OF PICO RIVERA

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

For the year ended June 30, 2017

	Special Revenue Funds (Continued)		
	Air Quality Improvement	County Grants	State Grants
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ -
Intergovernmental	82,075	-	552,918
Charges for services	-	-	-
Investment and rental	4,179	-	2,554
Miscellaneous	-	-	-
TOTAL REVENUES	<u>86,254</u>	<u>-</u>	<u>555,472</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	30,009	-	-
Parks and recreation	-	-	-
Health and welfare	-	-	489,520
Community development	-	-	-
TOTAL EXPENDITURES	<u>30,009</u>	<u>-</u>	<u>489,520</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>56,245</u>	<u>-</u>	<u>65,952</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	(310,184)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(310,184)</u>
NET CHANGE IN FUND BALANCES	56,245	-	(244,232)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>280,576</u>	<u>(68,705)</u>	<u>7,686</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 336,821</u>	<u>\$ (68,705)</u>	<u>\$ (236,546)</u>

Special Revenue Funds (Continued)

Economic Development Assistance Grant	Image Enhancement	Sewer Maintenance	Reach Grants	Cable/PEG Support	Transportation Development Act
\$ -	\$ -	\$ 11,203	\$ 5,476	\$ -	\$ -
-	-	-	821,981	-	60,799
-	91,917	-	-	-	-
32,289	3,228	-	10,486	-	187
-	-	-	24,932	11,156	-
<u>32,289</u>	<u>95,145</u>	<u>11,203</u>	<u>862,875</u>	<u>11,156</u>	<u>60,986</u>
-	-	245,602	-	-	-
-	-	-	-	-	-
-	-	899	-	53,233	-
-	-	-	768,214	-	-
-	-	-	-	-	-
13,789	-	-	-	-	-
<u>13,789</u>	<u>-</u>	<u>246,501</u>	<u>768,214</u>	<u>53,233</u>	<u>-</u>
<u>18,500</u>	<u>95,145</u>	<u>(235,298)</u>	<u>94,661</u>	<u>(42,077)</u>	<u>60,986</u>
999	-	-	6,864	-	-
-	(239,437)	-	-	-	(16,886)
<u>999</u>	<u>(239,437)</u>	<u>-</u>	<u>6,864</u>	<u>-</u>	<u>(16,886)</u>
19,499	(144,292)	(235,298)	101,525	(42,077)	44,100
<u>2,124,895</u>	<u>356,479</u>	<u>1,063,376</u>	<u>332,840</u>	<u>227,711</u>	<u>(46,306)</u>
<u>\$ 2,144,394</u>	<u>\$ 212,187</u>	<u>\$ 828,078</u>	<u>\$ 434,365</u>	<u>\$ 185,634</u>	<u>\$ (2,206)</u>

(Continued)

CITY OF PICO RIVERA

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

For the year ended June 30, 2017

	Special Revenue Funds (Continued)		
	Housing Agency LMIHF	Narcotics Forfeiture	Total Special Revenue Funds
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ 2,730,991
Intergovernmental	-	-	6,077,350
Charges for services	-	-	103,467
Investment and rental	1,657	-	395,410
Miscellaneous	1,659	-	198,317
TOTAL REVENUES	3,316	-	9,505,535
EXPENDITURES:			
Current:			
General government	-	-	245,602
Public safety	-	17,415	17,415
Public works	-	-	1,623,022
Parks and recreation	-	-	768,214
Health and welfare	-	-	489,520
Community development	-	-	609,729
TOTAL EXPENDITURES	-	17,415	3,753,502
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,316	(17,415)	5,752,033
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	7,863
Transfers out	-	-	(3,333,534)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(3,325,671)
NET CHANGE IN FUND BALANCES	3,316	(17,415)	2,426,362
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	2,031,268	23,570	9,553,098
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 2,034,584	\$ 6,155	\$ 11,979,460

Capital Projects Funds

Flossmoor Road Sewer Assessment District	Paramount/Mines Landscape Maintenance Assessment	2009 Lease Revenue Bond	Total Capital Projects Funds	Total Other Governmental Funds
\$ -	\$ 9,078	\$ -	\$ 9,078	\$ 2,740,069
-	-	-	-	6,077,350
-	-	-	-	103,467
52	72	-	124	395,534
-	-	-	-	198,317
<u>52</u>	<u>9,150</u>	<u>-</u>	<u>9,202</u>	<u>9,514,737</u>
-	-	-	-	245,602
-	-	-	-	17,415
-	6,135	-	6,135	1,629,157
-	-	-	-	768,214
-	-	-	-	489,520
90,763	-	-	90,763	700,492
<u>90,763</u>	<u>6,135</u>	<u>-</u>	<u>96,898</u>	<u>3,850,400</u>
<u>(90,711)</u>	<u>3,015</u>	<u>-</u>	<u>(87,696)</u>	<u>5,664,337</u>
-	-	-	-	7,863
-	-	-	-	(3,333,534)
-	-	-	-	(3,325,671)
(90,711)	3,015	-	(87,696)	2,338,666
<u>3,436</u>	<u>5,161</u>	<u>86</u>	<u>8,683</u>	<u>9,561,781</u>
<u>\$ (87,275)</u>	<u>\$ 8,176</u>	<u>\$ 86</u>	<u>\$ (79,013)</u>	<u>\$ 11,900,447</u>

CITY OF PICO RIVERA

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

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 1,200,000	\$ 546,617	\$ (653,383)
Investment and rental	250	300	50
TOTAL REVENUES	1,200,250	546,917	(653,333)
EXPENDITURES:			
Current:			
Community development	1,331,730	342,989	988,741
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(131,480)	203,928	335,408
OTHER FINANCING USES:			
Transfers out	(300,000)	(21,534)	278,466
NET CHANGE IN FUND BALANCE	(431,480)	182,394	613,874
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(189,945)	(189,945)	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (621,425)</u>	<u>\$ (7,551)</u>	<u>\$ 613,874</u>

CITY OF PICO RIVERA

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

STATE GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes and assessments	\$ 1,657,000	\$ 1,213,475	\$ (443,525)
Investment and rental	-	-	-
TOTAL REVENUES	1,657,000	1,213,475	(443,525)
OTHER FINANCING USES:			
Transfers out	(1,657,000)	(1,213,475)	443,525
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -

CITY OF PICO RIVERA

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

LIGHTING ASSESSMENT DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes and assessments	\$ 1,465,000	\$ 1,500,837	\$ 35,837
Investment and rental	-	1,830	1,830
	<u>1,465,000</u>	<u>1,502,667</u>	<u>37,667</u>
TOTAL REVENUES	1,465,000	1,502,667	37,667
EXPENDITURES:			
Current:			
Public works	686,000	632,555	53,445
	<u>686,000</u>	<u>632,555</u>	<u>53,445</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>779,000</u>	<u>870,112</u>	<u>91,112</u>
OTHER FINANCING SOURCES USE:			
Transfers out	(825,400)	(825,400)	-
	<u>(825,400)</u>	<u>(825,400)</u>	<u>-</u>
TOTAL OTHER FINANCING USE	(825,400)	(825,400)	-
NET CHANGE IN FUND BALANCE	(46,400)	44,712	91,112
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>160,296</u>	<u>160,296</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 113,896</u>	<u>\$ 205,008</u>	<u>\$ 91,112</u>

CITY OF PICO RIVERA

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

PARK DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ -	\$ 11,550	\$ 11,550
Investment and rental	-	490	490
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	12,040	12,040
FUND BALANCE - BEGINNING OF YEAR	<hr/> 28,540	<hr/> 28,540	<hr/> -
FUND BALANCE - END OF YEAR	<hr/> <u>\$ 28,540</u>	<hr/> <u>\$ 40,580</u>	<hr/> <u>\$ 12,040</u>

CITY OF PICO RIVERA

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

PROP A SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 1,176,000	\$ 1,171,152	\$ (4,848)
Investment and rental	8,000	32,899	24,899
Miscellaneous	60,000	35,702	(24,298)
TOTAL REVENUES	1,244,000	1,239,753	(4,247)
EXPENDITURES:			
Current:			
Public works	861,500	834,224	27,276
EXCESS OF REVENUES OVER EXPENDITURES	382,500	405,529	23,029
OTHER FINANCING USES:			
Transfers out	(20,000)	(19,087)	913
TOTAL OTHER FINANCING SOURCES (USES)	(20,000)	(19,087)	913
NET CHANGE IN FUND BALANCE	362,500	386,442	23,942
FUND BALANCE - BEGINNING OF YEAR	1,811,546	1,811,546	-
FUND BALANCE - END OF YEAR	\$ 2,174,046	\$ 2,197,988	\$ 23,942

CITY OF PICO RIVERA

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

PROP C SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 975,000	\$ 974,150	\$ (850)
Investment and rental	-	12,831	12,831
TOTAL REVENUES	975,000	986,981	11,981
EXPENDITURES:			
Current:			
Public works	74,150	72,102	2,048
EXCESS OF REVENUES OVER EXPENDITURES	900,850	914,879	14,029
OTHER FINANCING USES:			
Transfers out	(1,558,797)	(240,863)	1,317,934
NET CHANGE IN FUND BALANCE	(657,947)	674,016	1,331,963
FUND BALANCE - BEGINNING OF YEAR	601,771	601,771	-
FUND BALANCE - END OF YEAR	\$ (56,176)	\$ 1,275,787	\$ 1,331,963

CITY OF PICO RIVERA

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

MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 6,556,380	\$ 1,011,702	\$ (5,544,678)
Investment and rental	8,000	9,612	1,612
TOTAL REVENUES	6,564,380	1,021,314	(5,543,066)
OTHER FINANCING USES:			
Transfers out	(7,109,387)	(446,668)	6,662,719
NET CHANGE IN FUND BALANCE	(545,007)	574,646	1,119,653
FUND BALANCE - BEGINNING OF YEAR	294,671	294,671	-
FUND BALANCE - END OF YEAR	<u>\$ (250,336)</u>	<u>\$ 869,317</u>	<u>\$ 1,119,653</u>

CITY OF PICO RIVERA

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

HOME GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment and rental	\$ 40,000	\$ 257,780	\$ 217,780
EXPENDITURES:			
Current:			
Community development	1,109,300	249,546	859,754
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,069,300)	8,234	1,077,534
FUND BALANCE - BEGINNING OF YEAR	1,266,199	1,266,199	-
FUND BALANCE - END OF YEAR	\$ 196,899	\$ 1,274,433	\$ 1,077,534

CITY OF PICO RIVERA

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

CalHOME GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ -	\$ 855,956	\$ 855,956
Investment and rental	-	25,088	25,088
Miscellaneous	-	124,868	124,868
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	1,005,912	1,005,912
EXPENDITURES:			
Current:			
Community development	405,000	3,405	401,595
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(405,000)	1,002,507	1,407,507
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(753,370)	(753,370)	-
	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (1,158,370)</u>	<u>\$ 249,137</u>	<u>\$ 1,407,507</u>

CITY OF PICO RIVERA

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

AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 80,000	\$ 82,075	\$ 2,075
Investment and rental	1,500	4,179	2,679
TOTAL REVENUES	81,500	86,254	4,754
EXPENDITURES:			
Current:			
Public works	56,000	30,009	25,991
NET CHANGE IN FUND BALANCE	25,500	56,245	30,745
FUND BALANCE - BEGINNING OF YEAR	280,576	280,576	-
FUND BALANCE - END OF YEAR	\$ 306,076	\$ 336,821	\$ 30,745

CITY OF PICO RIVERA

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

STATE GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 560,184	\$ 552,918	\$ (7,266)
Investment and rental	500	2,554	2,054
TOTAL REVENUES	560,684	555,472	(5,212)
EXPENDITURES:			
Current:			
Health and welfare	250,000	489,520	(239,520)
EXCESS OF REVENUES OVER EXPENDITURES	310,684	65,952	(244,732)
OTHER FINANCING USES:			
Transfers out	(332,159)	(310,184)	21,975
NET CHANGE IN FUND BALANCE	(21,475)	(244,232)	(222,757)
FUND BALANCE - BEGINNING OF YEAR	7,686	7,686	-
FUND BALANCE - END OF YEAR	\$ (13,789)	\$ (236,546)	\$ (222,757)

CITY OF PICO RIVERA

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

ECONOMIC DEVELOPMENT ASSISTANCE GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment and rental	\$ 12,000	\$ 32,289	\$ 20,289
EXPENDITURES:			
Current:			
Community development	-	13,789	(13,789)
EXCESS OF REVENUES OVER EXPENDITURES	12,000	18,500	6,500
OTHER FINANCING USES:			
Transfers in	-	999	999
NET CHANGE IN FUND BALANCE	12,000	19,499	7,499
FUND BALANCE - BEGINNING OF YEAR	2,124,895	2,124,895	-
FUND BALANCE - END OF YEAR	<u>\$ 2,136,895</u>	<u>\$ 2,144,394</u>	<u>\$ 7,499</u>

CITY OF PICO RIVERA

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

IMAGE ENHANCEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 100,000	\$ 91,917	\$ (8,083)
Investment and rental	2,500	3,228	728
TOTAL REVENUES	102,500	95,145	(7,355)
OTHER FINANCING USES:			
Transfers out	(267,076)	(239,437)	27,639
NET CHANGE IN FUND BALANCE	(164,576)	(144,292)	20,284
FUND BALANCE - BEGINNING OF YEAR	356,479	356,479	-
FUND BALANCE - END OF YEAR	\$ 191,903	\$ 212,187	\$ 20,284

CITY OF PICO RIVERA

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

SEWER MAINTENANCE SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes and assessments	\$ -	\$ 11,203	\$ 11,203
EXPENDITURES:			
Current:			
General government	395,045	245,602	149,443
Public works	-	899	(899)
TOTAL EXPENDITURES	395,045	246,501	148,544
NET CHANGE IN FUND BALANCE	(395,045)	(235,298)	159,747
FUND BALANCE - BEGINNING OF YEAR	1,063,376	1,063,376	-
FUND BALANCE - END OF YEAR	\$ 668,331	\$ 828,078	\$ 159,747

CITY OF PICO RIVERA

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

REACH GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes and assessments	\$ 10,000	\$ 5,476	\$ (4,524)
Intergovernmental	913,000	821,981	(91,019)
Investment and rental	3,000	10,486	7,486
Miscellaneous	-	24,932	24,932
TOTAL REVENUES	926,000	862,875	(63,125)
EXPENDITURES:			
Current:			
Parks and recreation	900,260	768,214	132,046
EXCESS OF REVENUES OVER EXPENDITURES	25,740	94,661	68,921
OTHER FINANCING USES:			
Transfers in	-	6,864	6,864
NET CHANGE IN FUND BALANCE	25,740	101,525	75,785
FUND BALANCE - BEGINNING OF YEAR	332,840	332,840	-
FUND BALANCE - END OF YEAR	\$ 358,580	\$ 434,365	\$ 75,785

CITY OF PICO RIVERA

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

CABLE/PEG SUPPORT SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Miscellaneous	\$ 30,000	\$ 11,156	\$ (18,844)
EXPENDITURES:			
Current:			
Public works	50,000	53,233	(3,233)
EXCESS OF REVENUES UNDER EXPENDITURES	(20,000)	(42,077)	(22,077)
FUND BALANCE - BEGINNING OF YEAR	227,711	227,711	-
FUND BALANCE - END OF YEAR	<u>\$ 207,711</u>	<u>\$ 185,634</u>	<u>\$ (22,077)</u>

CITY OF PICO RIVERA

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

TRANSPORTATION DEVELOPMENT ACT SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 30,484	\$ 60,799	\$ 30,315
Investment and rental	-	187	187
TOTAL REVENUES	30,484	60,986	30,502
OTHER FINANCING USES:			
Transfers out	(30,484)	(16,886)	13,598
NET CHANGE IN FUND BALANCE	-	44,100	44,100
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(46,306)	(46,306)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (46,306)	\$ (2,206)	\$ 44,100

CITY OF PICO RIVERA

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

PARAMOUNT/MINES LANDSCAPE MAINTENANCE ASSESSMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2017

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes and assessments	\$ 9,100	\$ 9,078	\$ (22)
Investment and rental	-	72	72
	<u>9,100</u>	<u>9,150</u>	<u>50</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
Public works	23,500	6,135	17,365
	<u>23,500</u>	<u>6,135</u>	<u>17,365</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,400)	3,015	17,415
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>5,161</u>	<u>5,161</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (9,239)</u></u>	<u><u>\$ 8,176</u></u>	<u><u>\$ 17,415</u></u>

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CITY OF PICO RIVERA

DESCRIPTION OF OTHER ENTERPRISE FUNDS

June 30, 2017

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 Fund accounts for funds received from the respective private concessionaires operating each facility.

Pico Rivera Golf Course Fund records the operations of the City-owned golf course.

CITY OF PICO RIVERA

COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS

June 30, 2017

	Sports Arena	Golf Course	Total
ASSETS:			
CURRENT ASSETS:			
Cash and investments	\$ 183,465	\$ 230,047	\$ 413,512
Receivables, net:			
Accounts	63,141	146,511	209,652
Interest	797	-	797
Inventories, at cost	-	24,005	24,005
TOTAL CURRENT ASSETS	247,403	400,563	647,966
NONCURRENT ASSETS:			
Capital assets, not depreciated	3,368	38,945	42,313
Capital assets, depreciated, net	350,395	307,803	658,198
TOTAL NONCURRENT ASSETS	353,763	346,748	700,511
TOTAL ASSETS	601,166	747,311	1,348,477
DEFERRED OUTFLOWS OF RESOURCES:			
Amount related to pensions	3,605	-	3,605
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	20,000	169,696	189,696
Accrued liabilities	674	47,075	47,749
Due to other funds	-	1,169,922	1,169,922
Deposits	-	4,283	4,283
TOTAL CURRENT LIABILITIES	20,674	1,390,976	1,411,650
NONCURRENT LIABILITIES:			
Net pension liability	19,523	-	19,523
TOTAL LIABILITIES	40,197	1,390,976	1,431,173
DEFERRED INFLOWS OF RESOURCES:			
Amounts related to pensions	902	-	902
NET POSITION:			
Net investment in capital assets	353,763	346,748	700,511
Unrestricted	209,909	(990,413)	(780,504)
TOTAL NET POSITION	\$ 563,672	\$ (643,665)	\$ (79,993)

CITY OF PICO RIVERA

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

For the year ended June 30, 2017

	Sports Arena	Golf Course	Total
OPERATING REVENUES:			
Charges for services	\$ 313,141	\$ 1,165,752	\$ 1,478,893
OPERATING EXPENSES:			
Salaries and benefits	28,316	-	28,316
Contractual services	86,022	78,820	164,842
Insurance claims and expenses	2,674	-	2,674
Administrative	-	1,045,609	1,045,609
Utilities	823	221,723	222,546
Repairs and maintenance	-	51,049	51,049
Depreciation	78,673	28,610	107,283
TOTAL OPERATING EXPENSES	196,508	1,425,811	1,622,319
OPERATING GAIN (LOSS)	116,633	(260,059)	(143,426)
NONOPERATING REVENUES:			
Investment income	2,238	-	2,238
TOTAL NONOPERATING REVENUES	2,238	-	2,238
LOSS BEFORE TRANSFERS	118,871	(260,059)	(141,188)
TRANSFERS IN	499	-	499
TRANSFERS OUT	(35,654)	-	(35,654)
LOSS BEFORE SPECIAL ITEM	83,716	(260,059)	(176,343)
NET POSITION - BEGINNING OF YEAR	479,956	(383,606)	96,350
NET POSITION - END OF YEAR	\$ 563,672	\$ (643,665)	\$ (79,993)

CITY OF PICO RIVERA

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS

For the year ended June 30, 2017

	Sports Arena	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 253,860	\$ 1,141,308	\$ 1,395,168
Payments to suppliers	(70,603)	(1,329,124)	(1,399,727)
Payments to employees	(29,410)	-	(29,410)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	153,847	(187,816)	(33,969)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Proceeds from due to/from other funds	-	416,963	416,963
Transfers received from other funds	499	-	499
Transfers paid to other funds	(35,654)	-	(35,654)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(35,155)	416,963	381,808
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	1,578	-	1,578
NET INCREASE IN CASH AND CASH EQUIVALENTS	120,270	229,147	349,417
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	63,195	900	64,095
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 183,465	\$ 230,047	\$ 413,512
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating gain (loss)	\$ 116,633	\$ (260,059)	\$ (143,426)
Adjustments to reconcile operating gain (loss) to net cash provided (used) operating activities:			
Depreciation	78,673	28,610	107,283
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Increase in accounts receivables	(59,281)	(24,444)	(83,725)
Decrease in inventories	-	5,348	5,348
Increase in deferred outflows of resources - amount related to pensions	(120)	-	(120)
Increase in accounts payable	18,916	42,933	61,849
Increase (decrease) in accrued liabilities	(604)	16,780	16,176
Increase in deposits payable	-	3,016	3,016
Increase in net pension liability	2,143	-	2,143
Decrease in deferred inflows of resources - amounts related to pensions	(2,513)	-	(2,513)
TOTAL ADJUSTMENTS	37,214	72,243	109,457
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 153,847	\$ (187,816)	\$ (33,969)

CITY OF PICO RIVERA

DESCRIPTION OF AGENCY FUNDS

June 30, 2017

Agency Funds account for assets held by the City as an agent for bond assessment districts. The Agency Funds are as follows:

Assessment District 95-1 Improvement Agency 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.

Southeast Water Coalition Joint Powers Authority Fund accounts for activities in Southeast Water Coalition organized under a Joint Powers Agreement.

CITY OF PICO RIVERA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

June 30, 2017

	Assessment District 95-1 Improvement Agency
ASSETS:	
Cash and investments	\$ 46,006
Interest receivable	183
	<hr/>
TOTAL ASSETS	\$ 46,189
	<hr/> <hr/>
LIABILITIES:	
Due to member cities	\$ -
Due to bondholders	46,189
	<hr/>
TOTAL LIABILITIES	\$ 46,189
	<hr/> <hr/>

CITY OF PICO RIVERA

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

For the year ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSESSMENT DISTRICT 95-1 IMPROVEMENT AGENCY				
ASSETS:				
Cash and investments	\$ 45,417	\$ 589	\$ -	\$ 46,006
Interest receivable	85	183	(85)	183
TOTAL ASSETS	<u>\$ 45,502</u>	<u>\$ 772</u>	<u>\$ (85)</u>	<u>\$ 46,189</u>
LIABILITIES:				
Due to bondholders	<u>\$ 45,502</u>	<u>\$ 687</u>	<u>\$ -</u>	<u>\$ 46,189</u>

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**STATISTICAL SECTION
(UNAUDITED)**

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CITY OF PICO RIVERA

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2017

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain trend information that may assist the reader in understanding the City's current financial performance by placing it in historical perspective.	160 - 169
<u>Revenue Capacity</u> - These schedules 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.	170 - 179
<u>Debt Capacity</u> - These schedules 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.	180 - 186
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	187 - 188
<u>Operating Information</u> - These schedules contain service and infrastructure indicators that may assist the reader in understanding how the information in the City's financial report relates to the services that the City provides and the activities it performs.	189 - 193

City of Pico Rivera
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Governmental Activities:				
Net investment in capital assets	\$ 191,767,030	\$ 210,019,109	\$ 208,640,112	\$ 220,541,094
Restricted	12,009,671	16,582,070	38,379,173	30,403,287
Unrestricted	<u>(52,353,854)</u>	<u>(56,761,367)</u>	<u>(60,689,563)</u>	<u>(61,677,209)</u>
Total governmental activities net position	<u>151,422,847</u>	<u>169,839,812</u>	<u>186,329,722</u>	<u>189,267,172</u>
Business-type Activities:				
Net investment in capital assets	25,227,439	25,207,426	25,969,161	26,142,227
Restricted	-	-	-	-
Unrestricted	<u>2,494,367</u>	<u>(20,380,408)</u>	<u>(20,380,408)</u>	<u>(17,300,491)</u>
Total business-type activities net position	<u>27,721,806</u>	<u>4,827,018</u>	<u>5,588,753</u>	<u>8,841,736</u>
Primary Government:				
Net investment in capital assets	216,994,469	235,226,535	234,609,273	246,683,321
Restricted	12,009,671	16,582,070	38,379,173	30,403,287
Unrestricted	<u>(49,859,487)</u>	<u>(77,141,775)</u>	<u>(81,069,971)</u>	<u>(78,977,700)</u>
Total primary government net position	<u>\$ 179,144,653</u>	<u>\$ 174,666,830</u>	<u>\$ 191,918,475</u>	<u>\$ 198,108,908</u>

Source: City of Pico Rivera Finance Department

Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 231,879,296	\$ 232,734,954	\$ 224,917,267	\$ 230,288,295	\$ 231,562,736	\$ 223,976,465
15,287,855	12,426,012	13,016,383	11,903,492	11,854,987	13,274,422
43,474,498	39,163,377	43,883,873	19,388,051	23,639,282	25,730,261
<u>290,641,649</u>	<u>284,324,343</u>	<u>281,817,523</u>	<u>261,579,838</u>	<u>267,057,005</u>	<u>262,981,148</u>
26,753,906	30,079,954	30,964,232	31,370,373	31,761,672	32,604,651
-	-	-	-	-	-
<u>(17,352,760)</u>	<u>(17,473,063)</u>	<u>(16,212,613)</u>	<u>(18,465,237)</u>	<u>(16,385,687)</u>	<u>(13,590,642)</u>
<u>9,401,146</u>	<u>12,606,891</u>	<u>14,751,619</u>	<u>12,905,136</u>	<u>15,375,985</u>	<u>19,014,009</u>
258,633,202	262,814,908	255,881,499	261,658,668	263,324,408	256,581,116
15,287,855	12,426,012	13,016,383	11,903,492	11,854,987	13,274,422
26,121,738	21,690,314	27,671,260	922,814	7,253,595	12,139,619
<u>\$ 300,042,795</u>	<u>\$ 296,931,234</u>	<u>\$ 296,569,142</u>	<u>\$ 274,484,974</u>	<u>\$ 282,432,990</u>	<u>\$ 281,995,157</u>

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Expenses:				
Governmental Activities:				
General government	\$ 8,519,371	\$ 8,300,976	\$ 9,087,368	\$ 9,619,197
Public safety	10,271,958	11,500,096	11,789,557	11,967,857
Public works	12,264,878	11,253,226	12,773,969	12,572,806
Parks and recreation	5,175,945	6,392,928	4,827,825	5,193,153
Health and welfare	5,176,082	5,782,085	6,204,855	6,019,153
Community development	6,115,717	7,628,250	9,520,485	7,273,354
Interest and fiscal charges	3,757,970	4,150,720	5,442,996	7,555,355
Total governmental activities net expenses	<u>51,281,921</u>	<u>55,008,281</u>	<u>59,647,055</u>	<u>60,200,875</u>
Business-type Activities:				
Water	8,752,874	8,350,672	8,384,403	8,627,134
Other enterprise funds	1,165,348	1,244,232	1,220,568	1,047,804
Total business-type activities net position	<u>9,918,222</u>	<u>9,594,904</u>	<u>9,604,971</u>	<u>9,674,938</u>
Total primary government expenses	<u>\$ 61,200,143</u>	<u>\$ 64,603,185</u>	<u>\$ 69,252,026</u>	<u>\$ 69,875,813</u>
Program Revenues:				
Governmental Activities:				
Charges for services:				
General government	\$ 463,454	\$ 378,258	\$ 651,638	\$ 549,034
Public safety	1,084,164	1,677,312	1,903,379	1,790,155
Public works	1,360,238	1,481,482	1,395,780	1,437,222
Parks and recreation	794,636	145,290	174,904	242,014
Health and welfare	511,812	498,341	453,691	490,655
Community development	818,959	442,497	504,849	505,099
Operating contributions and grants	14,292,679	15,843,154	13,503,809	20,509,748
Capital contributions and grants	630	16,790,897	2,721,543	-
Total governmental activities program revenues	<u>19,326,572</u>	<u>37,257,231</u>	<u>21,309,593</u>	<u>25,523,927</u>
Business-type Activities:				
Charges for services:				
Water utility	5,323,829	5,338,217	5,647,751	6,635,615
Other enterprise funds	906,771	1,103,241	1,063,497	932,962
Total business-type activities program revenues	<u>6,230,600</u>	<u>6,441,458</u>	<u>6,711,248</u>	<u>7,568,577</u>
Primary government program revenues	<u>\$ 25,557,172</u>	<u>\$ 43,698,689</u>	<u>\$ 28,020,841</u>	<u>\$ 33,092,504</u>
Net (Expense)/Revenue:				
Governmental activities	\$ (31,955,349)	\$ (17,751,050)	\$ (38,337,462)	\$ (34,676,948)
Business-type activities	<u>(3,687,622)</u>	<u>(3,153,446)</u>	<u>(2,893,723)</u>	<u>(2,106,361)</u>
Total primary government net expense	<u>\$ (35,642,971)</u>	<u>\$ (20,904,496)</u>	<u>\$ (41,231,185)</u>	<u>\$ (36,783,309)</u>

Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 10,557,055	\$ 8,339,448	\$ 9,954,786	\$ 9,248,597	\$ 8,790,816	\$ 10,294,470
10,690,805	10,946,303	11,202,782	10,457,770	10,468,357	11,400,486
12,591,487	12,843,460	10,498,605	14,545,183	14,472,969	15,088,653
5,901,305	5,483,656	5,422,037	5,600,669	5,585,521	6,263,237
5,705,432	5,678,172	5,339,488	4,840,878	5,266,352	5,587,157
5,594,519	2,207,716	2,511,556	2,761,524	2,827,231	3,470,445
3,522,364	975,580	1,742,562	1,656,613	1,626,960	2,628,006
<u>54,562,967</u>	<u>46,474,335</u>	<u>46,671,816</u>	<u>49,111,234</u>	<u>49,038,206</u>	<u>54,732,454</u>
8,833,293	7,846,884	8,386,111	8,044,302	7,865,853	8,155,205
1,091,400	980,618	1,054,837	1,320,585	1,624,391	1,622,319
<u>9,924,693</u>	<u>8,827,502</u>	<u>9,440,948</u>	<u>9,364,887</u>	<u>9,490,244</u>	<u>9,777,524</u>
<u>\$ 64,487,660</u>	<u>\$ 55,301,837</u>	<u>\$ 56,112,764</u>	<u>\$ 58,476,121</u>	<u>\$ 58,528,450</u>	<u>\$ 64,509,978</u>
\$ 202,481	\$ 138,144	\$ 497,518	\$ 574,846	\$ 606,726	\$ 739,432
1,334,872	1,226,044	1,207,766	1,125,660	1,022,464	962,627
737,184	751,194	744,905	1,821,210	1,788,821	786,053
759,564	763,094	693,884	743,400	578,529	773,631
264,396	142,291	188,767	232,824	202,262	174,314
585,021	468,266	712,626	644,344	746,395	873,536
11,863,231	12,357,708	13,322,885	12,296,324	12,817,403	11,093,802
13,830,665	7,346,536	2,378,797	2,287,187	1,620,798	778,116
<u>29,577,414</u>	<u>23,193,277</u>	<u>19,747,148</u>	<u>19,725,795</u>	<u>19,383,398</u>	<u>16,181,511</u>
7,371,154	7,866,087	8,909,351	8,710,623	8,304,240	8,819,676
944,337	898,336	921,432	996,548	1,302,652	1,478,893
<u>8,315,491</u>	<u>8,764,423</u>	<u>9,830,783</u>	<u>9,707,171</u>	<u>9,606,892</u>	<u>10,298,569</u>
<u>\$ 37,892,905</u>	<u>\$ 31,957,700</u>	<u>\$ 29,577,931</u>	<u>\$ 29,432,966</u>	<u>\$ 28,990,290</u>	<u>\$ 26,480,080</u>
\$ (24,985,553)	\$ (23,281,058)	\$ (26,924,668)	\$ (29,385,439)	\$ (29,654,808)	\$ (38,550,943)
(1,609,202)	(63,079)	389,835	342,284	116,648	521,045
<u>\$ (26,594,755)</u>	<u>\$ (23,344,137)</u>	<u>\$ (26,534,833)</u>	<u>\$ (29,043,155)</u>	<u>\$ (29,538,160)</u>	<u>\$ (38,029,898)</u>

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
General Revenues and Other Changes in Net Position:				
Governmental Activities:				
Property taxes	\$ 14,892,493	\$ 15,544,899	\$ 15,116,791	\$ 15,783,650
Sales and use taxes	7,925,324	8,974,814	13,074,986	13,492,573
Franchise taxes	984,238	1,281,687	1,155,951	1,180,286
Utility users taxes	4,043,150	3,949,567	3,669,717	3,455,256
Other taxes	1,695,765	1,422,862	1,331,305	1,324,669
Unrestricted motor vehicle license in lieu	298,233	-	-	-
Investment earnings	1,703,963	1,744,699	1,372,901	1,393,205
Other	10,776	160,844	241,124	269,191
Transfers	788,089	856,287	460,309	(2,510,743)
Gain on sale of property	-	-	-	-
Extraordinary items/special items	-	-	-	3,227,121
Total governmental activities	32,342,031	33,935,659	36,423,084	37,615,208
Business-type Activities:				
Investment earnings	2,941,741	2,640,365	2,591,363	2,847,404
Other	-	(9,196)	4,696	-
Transfers	(788,089)	(856,287)	(460,309)	2,511,939
Extraordinary items/special items	-	-	-	-
Total business-type activities	2,153,652	1,774,882	2,135,750	5,359,343
Total primary government	\$ 34,495,683	\$ 35,710,541	\$ 38,558,834	\$ 42,974,551
Change in Net Position:				
Governmental activities	\$ 386,682	\$ 16,184,609	\$ (1,914,378)	\$ 2,938,260
Business-type activities	(1,533,970)	(1,378,564)	(757,973)	3,252,982
Total primary government	\$ (1,147,288)	\$ 14,806,045	\$ (2,672,351)	\$ 6,191,242

Source: City of Pico Rivera Finance Department

Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 8,468,881	\$ 8,941,441	\$ 9,269,468	\$ 9,611,244	\$ 10,049,454	\$ 10,591,691
13,589,387	15,028,866	16,435,053	16,368,367	17,766,538	17,637,948
1,212,463	1,683,174	1,641,171	1,646,884	1,654,275	1,582,026
3,365,218	3,397,538	3,504,363	3,525,036	3,385,361	3,276,321
1,510,718	1,595,125	1,710,630	1,760,876	1,850,151	1,632,337
3,538,844	-	-	-	-	-
1,399,894	209,340	39,582	151,636	193,684	347,422
130,451	125,691	139,486	613,592	283,352	450,783
136,520	371,165	648,626	611,727	479,232	(1,043,442)
162,675	205,756	104,912	257,194	174,424	-
124,908,663	(10,921,476)	(9,075,443)	1,059,577	(704,496)	-
<u>158,423,714</u>	<u>20,636,620</u>	<u>24,417,848</u>	<u>35,606,133</u>	<u>35,131,975</u>	<u>34,475,086</u>
2,449,432	2,367,181	2,308,060	2,226,339	2,128,937	2,073,537
-	4,898	95,459	-	-	-
(136,520)	(371,165)	(648,626)	(611,727)	(479,232)	1,043,442
-	(149,583)	-	-	704,496	-
<u>2,312,912</u>	<u>1,851,331</u>	<u>1,754,893</u>	<u>1,614,612</u>	<u>2,354,201</u>	<u>3,116,979</u>
<u>\$ 160,736,626</u>	<u>\$ 22,487,951</u>	<u>\$ 26,172,741</u>	<u>\$ 37,220,745</u>	<u>\$ 37,486,176</u>	<u>\$ 37,592,065</u>
\$ 133,438,161	\$ (2,644,438)	\$ (2,506,820)	\$ 6,220,694	\$ 5,477,167	\$ (4,075,857)
<u>703,710</u>	<u>1,788,252</u>	<u>2,144,728</u>	<u>1,956,896</u>	<u>2,470,849</u>	<u>3,638,024</u>
<u>\$ 134,141,871</u>	<u>\$ (856,186)</u>	<u>\$ (362,092)</u>	<u>\$ 8,177,590</u>	<u>\$ 7,948,016</u>	<u>\$ (437,833)</u>

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ 27,187,687
Restricted	-	-	-	-
Committed	-	-	-	5,500,000
Assigned	-	-	-	6,000,000
Unassigned	-	-	-	3,767,252
Reserved	9,064,673	35,849,151	34,922,021	-
Unreserved	7,648,759	8,569,891	8,016,575	-
Total general fund	<u>\$ 16,713,432</u>	<u>\$ 44,419,042</u>	<u>\$ 42,938,596</u>	<u>\$ 42,454,939</u>
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ 6,232,910
Restricted	-	-	-	30,425,516
Committed	-	-	-	452,101
Assigned	-	-	-	-
Unassigned	-	-	-	(62,865,626)
Reserved	2,781,570	9,137,369	35,797,844	-
Unreserved, reported in:				
Special revenue funds	19,263,734	8,578,604	13,132,481	-
Debt service funds	(34,960,091)	(35,126,372)	(36,446,232)	-
Capital projects funds	(25,453,373)	(27,696,411)	(28,959,913)	-
Total all other governmental funds	<u>\$ (38,368,160)</u>	<u>\$ (45,106,810)</u>	<u>\$ (16,475,820)</u>	<u>\$ (25,755,099)</u>

Note: Implementation of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definition" beginning in fiscal year 2010-11 changed the nature of fund balance classifications.

Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 28,313,381	\$ 25,222,739	\$ 25,222,739	\$ 25,222,739	\$ 25,198,662	\$ 25,209,917
2,334,609	2,334,811	2,346,856	2,358,919	2,368,600	-
9,030,031	5,974,566	9,330,000	9,316,732	9,479,500	9,476,700
3,267,506	6,745,120	8,285,480	10,272,833	14,376,800	14,426,700
-	50,490	48,092	3,772,716	12,882,331	10,621,156
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 42,945,527</u>	<u>\$ 40,327,726</u>	<u>\$ 45,233,167</u>	<u>\$ 50,943,939</u>	<u>\$ 64,305,893</u>	<u>\$ 59,734,473</u>
\$ 2,523,366	\$ -	\$ -	\$ -	\$ -	\$ -
26,063,969	14,808,900	10,669,538	11,366,458	-	12,927,436
1,435,352	-	-	-	-	-
-	600,000	600,000	600,000	600,000	-
(2,868,577)	(3,012,144)	(3,335,743)	(2,869,762)	(2,141,161)	(1,149,394)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 27,154,110</u>	<u>\$ 12,396,756</u>	<u>\$ 7,933,795</u>	<u>\$ 9,096,696</u>	<u>\$ (1,541,161)</u>	<u>\$ 11,778,042</u>

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Revenues:				
Taxes and assessment	\$ 24,717,432	\$ 26,991,628	\$ 28,372,572	\$ 30,124,045
Licenses and permits	2,703,598	2,467,780	2,385,338	2,383,531
Intergovernmental	19,369,533	37,817,192	21,247,209	25,328,804
Charges for services	1,142,260	912,699	946,283	1,022,761
Fines, forfeitures and penalties	1,291,782	1,431,160	1,672,249	1,570,919
Investment income	1,282,570	649,870	272,772	384,739
Miscellaneous	326,999	406,793	1,174,332	599,492
Extraordinary item	-	-	-	3,227,121
Total revenues	<u>50,834,174</u>	<u>70,677,122</u>	<u>56,070,755</u>	<u>64,641,412</u>
Expenditures:				
General government	8,124,262	7,016,966	7,932,963	7,532,962
Public safety	10,270,119	11,310,373	11,590,148	11,966,119
Public works	8,794,803	7,669,990	9,490,395	8,944,383
Parks and recreation	4,729,902	5,927,669	4,360,552	4,931,000
Health and welfare	5,112,014	5,594,202	6,007,234	6,019,153
Community development	1,526,345	1,974,838	3,985,823	2,213,041
Pass through to other agencies	4,577,189	5,453,346	5,325,197	5,047,046
Capital outlay	5,608,105	22,156,323	8,888,280	20,301,111
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	3,700,671	4,099,386	6,109,167	4,938,688
Total expenditures	<u>52,443,410</u>	<u>71,203,093</u>	<u>63,689,759</u>	<u>71,893,503</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,609,236)</u>	<u>(525,971)</u>	<u>(7,619,004)</u>	<u>(7,252,091)</u>
Other Financing Sources (Uses):				
Transfers in	11,603,646	36,860,403	41,990,633	28,026,405
Transfers out	(10,815,557)	(36,004,116)	(41,428,840)	(30,537,148)
Bond issuance	-	-	32,860,000	-
Bond premium	-	-	1,347,755	-
Payments to refunding escrow agent	-	-	-	-
Total other financing sources (uses)	<u>788,089</u>	<u>856,287</u>	<u>34,769,548</u>	<u>(2,510,743)</u>
Special Items:				
Forgiveness of debt	-	-	-	-
Net change in fund balances	(821,147)	330,316	27,150,544	(9,762,834)
Fund balances - July 1	<u>-</u>	<u>(1,018,084)</u>	<u>(687,768)</u>	<u>26,462,776</u>
Fund balances - June 30	<u>\$ (821,147)</u>	<u>\$ (687,768)</u>	<u>\$ 26,462,776</u>	<u>\$ 16,699,942</u>
Debt service as a percentage of noncapital expenditures	7.90%	8.36%	11.15%	9.57%

Source: City of Pico Rivera Finance Department

Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 32,535,703	\$ 30,782,011	\$ 33,100,095	\$ 34,083,110	\$ 35,534,141	\$ 34,592,924
2,031,210	1,912,315	2,320,618	2,363,477	2,491,636	2,442,190
23,513,337	18,257,848	10,891,308	11,703,565	12,214,500	11,927,598
1,464,180	1,717,790	1,964,785	1,889,338	1,871,009	2,122,359
1,412,268	1,234,368	1,224,540	1,134,906	1,031,031	898,203
2,153,121	398,030	244,614	336,077	341,746	488,369
439,343	951,402	1,333,203	2,535,295	785,171	540,483
85,312,816	(5,029,315)	-	-	-	-
<u>148,861,978</u>	<u>50,224,449</u>	<u>51,079,163</u>	<u>54,045,768</u>	<u>54,269,234</u>	<u>53,012,126</u>
7,678,136	6,555,866	7,183,738	6,884,398	6,805,810	11,819,289
10,689,067	10,940,211	11,188,047	10,435,184	10,439,469	11,375,573
9,590,287	7,976,019	8,561,977	9,621,311	9,707,823	10,255,784
5,672,110	4,967,899	4,890,183	4,794,720	4,554,724	5,374,259
5,705,431	5,678,172	5,339,488	4,840,878	5,266,352	5,587,157
3,135,781	2,189,841	2,490,769	2,730,123	2,787,070	3,435,809
2,440,863	-	-	-	-	-
22,905,936	20,528,630	7,719,114	5,175,862	7,287,913	2,453,883
-	560,000	585,000	610,000	635,000	980,000
3,588,338	1,094,198	1,734,538	1,710,638	1,682,562	3,545,053
<u>71,405,949</u>	<u>60,490,836</u>	<u>49,692,854</u>	<u>46,803,114</u>	<u>49,166,723</u>	<u>54,826,807</u>
<u>77,456,029</u>	<u>(10,266,387)</u>	<u>1,386,309</u>	<u>7,242,654</u>	<u>5,102,511</u>	<u>(1,814,681)</u>
34,505,092	24,558,694	11,719,264	7,618,952	19,274,660	3,986,323
(34,368,572)	(31,667,462)	(12,118,893)	(7,987,933)	(10,488,538)	(5,029,765)
-	-	-	-	-	30,470,000
-	-	-	-	-	3,082,378
-	-	-	-	-	(33,021,008)
<u>136,520</u>	<u>(7,108,768)</u>	<u>(399,629)</u>	<u>(368,981)</u>	<u>8,786,122</u>	<u>(512,072)</u>
-	-	-	-	(90,000)	-
77,592,549	(17,375,155)	986,680	6,873,673	13,798,633	(2,326,753)
<u>(7,492,912)</u>	<u>70,099,637</u>	<u>52,180,282</u>	<u>53,166,962</u>	<u>60,040,635</u>	<u>73,839,268</u>
<u>\$ 70,099,637</u>	<u>\$ 52,724,482</u>	<u>\$ 53,166,962</u>	<u>\$ 60,040,635</u>	<u>\$ 73,839,268</u>	<u>\$ 71,512,515</u>
7.40%	4.14%	5.53%	5..50%	5.59%	8.55%

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

Fiscal Year	Property Taxes	Sales Tax	Transient Occupancy Tax	Motor Vehicle In-Lieu Tax
2007-08	\$ 14,892,493	\$ 7,925,324	\$ 361,248	\$ 5,681,785
2008-09	15,544,899	8,974,814	359,567	5,909,671
2009-10	15,116,794	13,074,986	252,242	5,743,907
2010-11	15,783,650	13,492,573	303,971	5,792,818
2011-12	8,468,881	13,589,387	309,423	3,538,844
2012-13	8,941,441	15,028,866	333,243	12,842
2013-14	9,269,468	16,435,053	367,804	28,547
2014-15	9,611,244	16,368,367	390,666	27,575
2015-16	10,049,454	17,766,538	417,938	25,896
2016-17	10,591,691	17,637,948	422,313	-
Change from base year 2008	<u><u>-28.88%</u></u>	<u><u>122.55%</u></u>	<u><u>16.90%</u></u>	<u><u>-100.00%</u></u>

Source: City of Pico Rivera Finance Department

Franchise Tax	Utility Users Tax	Business License Tax	Total
\$ 984,238	\$ 4,043,150	\$ 1,334,517	\$ 35,222,755
1,281,687	3,949,567	1,253,563	37,273,768
1,155,951	3,669,717	1,171,003	40,184,600
1,180,286	3,455,256	1,195,847	41,204,401
1,212,463	3,365,218	1,201,295	31,685,511
1,683,174	3,397,538	1,249,040	30,646,144
1,641,171	3,504,363	1,342,826	32,589,232
1,646,884	3,525,036	1,370,210	32,939,982
1,654,275	3,385,361	1,432,213	34,731,675
1,582,026	3,276,231	1,210,024	34,720,233
<u>60.74%</u>	<u>-18.97%</u>	<u>-9.33%</u>	<u>-1.43%</u>

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other* Property
2007-08	\$ 2,600,470,093	\$ 382,231,563	\$ 488,164,647	\$ 252,058,189
2008-09	2,716,407,785	434,983,733	503,086,606	272,355,190
2009-10	2,576,039,499	476,070,257	520,722,691	260,933,259
2010-11	2,523,223,764	476,743,838	530,659,538	260,535,627
2011-12	2,556,723,405	507,725,955	537,870,643	257,515,511
2012-13	2,593,491,912	514,240,434	563,598,205	258,304,110
2013-14	2,698,550,967	528,061,894	591,638,354	245,353,016
2014-15	2,849,419,991	534,153,757	608,797,600	255,121,685
2015-16	3,004,411,938	550,436,822	623,317,693	263,566,626
2016-17	3,157,571,430	572,434,427	644,340,185	261,458,977

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

<u>Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
\$ 85,135	\$ 3,723,009,627	0.24191
1,820,837	3,928,654,151	0.24804
1,857,252	3,835,622,958	0.26015
1,852,848	3,793,015,615	0.26043
1,866,797	3,861,702,311	0.26358
1,904,130	3,931,538,791	0.26391
1,942,210	4,065,546,441	0.09412
1,951,026	4,249,444,059	0.09380
1,990,006	4,443,723,085	0.09355
2,020,352	4,637,825,371	0.09330

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

Fiscal Year	TAXES LEVIED	COLLECTED WITHIN THE FISCAL YEAR OF LEVY		COLLECTIONS IN Subsequent Year
		AMOUNT	PERCENT OF LEVY	
2007-08	\$ 2,882,716	\$ 2,466,213	85.55%	\$ 85,389
2008-09	2,209,373	2,075,685	93.95%	56,211
2009-10	2,500,000	2,000,000	80.00%	35,000
2010-11	2,245,949	2,157,293	96.05%	29,681
2011-12	2,250,274	2,037,518	90.55%	99,703
2012-13	2,313,210	2,240,076	96.84%	38,305
2013-14	2,388,030	2,311,646	96.80%	38,725
2014-15	2,511,683	2,425,171	96.56%	20,888
2015-16	2,552,922	2,511,115	98.36%	-
2016-17	2,674,309	2,638,929	98.68%	-

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.

TOTAL COLLECTIONS TO DATE		
AMOUNT		FINAL PERCENT OF LEVY
\$	2,551,602	88.51%
	2,131,896	96.49%
	2,035,000	81.40%
	2,186,974	97.37%
	2,137,221	94.98%
	2,278,381	98.49%
	2,350,371	98.42%
	2,446,059	97.39%
	2,511,115	98.36%
	2,638,929	98.68%

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

Agency		2007-08	2008-09	2009-10	2010-11
Basic Levy		1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt		0.00000	0.00000	0.00000	0.00000
El Rancho Unified School District		0.08128	0.08107	0.08527	0.09161
LA Community College District		0.00879	0.02212	0.02311	0.04031
LA County Flood Control		0.00000	0.00000	0.00000	0.00000
Little Lake City School District		0.07499	0.07360	0.07233	0.07647
Los Nietos School District		0.00000	0.02680	0.02885	0.03213
Metropolitan Water District		0.00450	0.00430	0.00430	0.00370
Montebello Unified School District		0.06681	0.08063	0.09673	0.09792
Rio Hondo Community College Dist		0.01369	0.02320	0.02714	0.03439
Whittier City School District		0.03582	0.03365	0.03443	0.03494
Whittier Union High School Dist		0.04359	0.03728	0.04224	0.04239
Total Direct & Overlapping Tax Rate	(1)	1.32947	1.38265	1.41440	1.45386
City's Share of 1% Levy Per Prop 13	(2)	0.08917	0.08917	0.08917	0.08917
City Redevelopment Rate		1.00450	1.00430	1.00430	1.00370
Total Direct Rate	(3)	0.24191	0.24804	0.26015	0.26043

(1) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.

(2) City's Share of 1% Levy is based on the City's share of the general fund tax rate.

(3) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.09800	0.09985	0.09571	0.09907	0.09630	0.09627
0.03530	0.03756	0.04454	0.04017	0.03575	0.03596
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.05286	0.06942	0.08537	0.07964	0.06522	0.00000
0.03420	0.03351	0.02810	0.03041	0.08062	0.07063
0.00370	0.00350	0.00350	0.00350	0.00350	0.00350
0.10001	0.09630	0.09457	0.08750	0.08715	0.14705
0.03418	0.02812	0.02892	0.02821	0.02712	0.02808
0.03354	0.03439	0.06110	0.05792	0.05757	0.05441
0.04317	0.04556	0.04473	0.05270	0.05063	0.06035
1.43496	1.44821	1.48654	1.47912	1.50386	1.49625
0.08917	0.08917	0.08917	0.08917	0.08917	0.08917
1.00370	0.00000	0.00000	0.00000	0.00000	0.00000
0.26358	0.26391	0.09412	0.09381	0.09355	0.09330

City of Pico Rivera
Principal Property Taxpayers
Current Fiscal Year and Nine Fiscal Years Ago

Taxpayer	2016-17		2007-08	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Vestar California XXVI LLC	\$ 71,661,257	1.54%	\$ 38,937,532	1.05%
Majestic AMB Pico Rivera Associates LLC	43,466,343	0.93%	38,795,484	1.04%
Walmart Real Estate Business Trust	35,813,628	0.77%	30,058,654	0.81%
Princeton Medical Holdings LLC	33,953,241	0.73%		
Iron Mountain Information	30,621,369	0.66%		
General American Life Insurance Company	28,777,099	0.62%	25,426,540	0.68%
Burke Street Fee Owner LLC	26,423,035	0.57%		
8540 Whittier Boulevard Investments	25,942,078	0.56%		
GGF Pico Rivera LLC	25,633,781	0.55%	22,771,620	0.61%
Public Storage Inc	22,918,540	0.49%	17,115,464	0.46%
Rex Road LLC			20,378,057	0.55%
TRF Crossroads LLC			19,872,547	0.53%
Dav C Bacara LLC			18,951,025	0.51%
Target Corporation			18,441,742	0.50%
	<u>\$ 345,210,371</u>	<u>7.41%</u>	<u>\$ 250,748,665</u>	<u>6.74%</u>

Excludes government and tax-exempt property owners

Total City Value for 2007-08	\$ 3,723,009,627
Total City Value for 2016-17	\$ 4,661,380,850

Source: Los Angeles County Assessor 2006-07 and 2015-16 Combined Tax Rolls

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

2016-17		2007-08	
Taxpayer	Business Type	Taxpayer	Business Type
1. Arco AM PM	Service Stations	Arco AM PM Mini Market	Service Stations
2. Arco AM PM	Service Stations	California Wholesale Supply	Contractors
3. Cal Wholesale Material Supply	Contractors	Cintas	Business Services
4. Chevron	Service Stations	Circle K	Service Stations
5. Cintas	Business Services	Dal Rae Restaurant	Fine Dining
6. Circle K	Service Stations	Food 4 Less	Grocery Stores
7. Dal Rae Restaurant	Fine Dining	Home Depot	Lumber/Building Materials
8. Home Depot	Lumber/Building Materials	Ionics Ultrapure Water	Heavy Industrial
9. Lowes	Lumber/Building Materials	Kwik/Al Sal Oil	Service Stations
10. Marshalls	Family Apparel	Lowes	Lumber/Building Materials
11. McDonalds	Quick-Service Restaurants	Marshalls	Family Apparel
12. Noble Rents	Warehse/Farm/Const. Equip	McDonalds	Quick-Service Restaurants
13. Oxnard Building Materials	Contractors	Pico Rivera Gas and Carwash	Service Stations
14. Pico Rivera Gas & Carwash	Service Stations	Rivera ARCO	Service Stations
15. Ross	Family Apparel	Ross	Family Apparel
16. Rush Truck Center	New Motor Vehicle Dealer	Rush Truck Center	New Motor Vehicle Dealers
17. Saw Service of America	Heavy Industrial	Saw Service of America	Heavy Industrial
18. Target	Convenience Store	So Cal Material Handling	Repair Shop/Equip Rentals
19. Target	Discount Dept. Stores	Target	Discount Dept. Stores
20. Toshiba America Bus Solutions	Service Stations	Tesoro Refining & Marketing	Service Stations
21. Unisource	Office Equipment	Unisource	Office Supplies/Furniture
22. United Oil	Office Supplies/Furniture	United Oil	Service Stations
23. United Rentals	Service Stations	United Rentals	Repair Shop/Equip Rentals
24. USA Gasoline	Repair Shop/Equip. Rentals	Walmart Supercenter	Discount Dept. Stores
25. Wal Mart	Discount Dept. Stores	Whittier Fertilizer	Garden/Agricultural Supplies

% of Fiscal Year Total Paid by Top 25 Accounts =
 2016-2017 60.59%
 2007-2008 62.91%

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

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

Fiscal Year	Governmental Activities		Business-Type Activities
	County Deferral	Finance Authority Revenue Bonds (1)	Revenue Bonds
2007-08	\$ 37,826,624	\$ -	\$ 56,060,000
2008-09	38,853,309	-	54,655,000
2009-10	29,130,975	34,170,317	53,165,000
2010-11	40,921,637	34,170,317	51,605,000
2011-12	- (2)	34,080,467	49,935,000
2012-13	-	33,475,542	48,155,000
2013-14	-	32,845,617	46,270,000
2014-15	-	32,190,692	44,404,619
2015-16	-	31,510,767	42,271,468
2016-17	-	32,438,350	40,013,319

(1) The Finance Authority Revenue Bonds are backed by lease payments made from General Fund Revenues. These lease payments and long-term debt are included in the Statement of Net Position.

(2) Upon dissolution of the former redevelopment agency on February 1, 2012, the County deferral obligation was transferred to the Successor Agency and is no longer an obligation of the City.

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Debt Per Capita</u>
\$ 93,886,624	8.72%	\$ 1,411
93,508,309	8.90%	1,403
116,466,292	10.69%	1,849
126,696,954	11.11%	2,007
84,015,467	7.36%	1,331
81,630,542	7.03%	1,295
79,115,617	6.67%	1,239
76,595,311	6.38%	1,199
73,782,235	6.21%	1,148
72,451,669	6.07%	1,131

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

Fiscal Year	General Obligation Bonds	Finance Authority Revenue Bonds (1)	Total Primary Government	Percent of Assessed Value	Per Capita
2007-08	\$ -	\$ -	\$ -	0.000%	\$ -
2008-09	-	-	-	0.000%	-
2009-10	-	34,170,317	34,170,317	0.891%	542.49
2010-11	-	34,170,317	34,170,317	0.901%	541.35
2011-12	-	34,080,467	34,080,467	0.883%	539.92
2012-13	-	33,475,542	33,475,542	0.851%	530.91
2013-14	-	32,845,617	32,845,617	0.808%	514.23
2014-15	-	32,190,692	32,190,692	0.758%	503.75
2015-16	-	31,510,767	31,510,767	0.709%	490.27
2016-17	-	32,438,350	32,438,350	0.699%	506.49

(1) The Finance Authority Revenue Bonds are backed by lease payments made from General Fund Revenues. These lease payments and long-term debt are included in the Statement of Net Assets.

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

City of Pico Rivera
Direct and Overlapping Debt
As of June 30, 2017

2016-17 Assessed Valuation:	\$ 3,771,695,233
Incremental Valuation:	889,685,617
Adjusted Assessed Valuation:	<u>\$ 2,882,009,616</u>

<u>DIRECT DEBT:</u>	Total Debt June 30, 2017	Percentage Applicable ⁽¹⁾	City's Share of Debt June 30, 2017
City of Pico Rivera	<u>\$ 32,438,350</u>	100.000%	<u>\$ 32,438,350</u>
Total Direct Debt	<u>32,438,350</u>		<u>32,438,350</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	36,281,674	0.349%	126,623
Los Angeles Community College District	3,847,840,000	0.014%	538,698
Rio Hondo Community College District	153,807,824	13.011%	20,011,936
El Rancho Unified School District	70,340,345	99.997%	70,338,235
Montebello Unified School District	205,893,420	0.678%	1,395,957
Whittier Union High School District	155,874,361	0.440%	685,847
Los Nietos School District	23,610,132	0.053%	12,513
Whittier City School District	<u>56,600,000</u>	1.589%	<u>899,374</u>
Total Overlapping Tax and Assessment Debt	<u>4,550,247,756</u>		<u>94,009,183</u>
Total Direct and Overlapping Tax and Assessment Debt (2)			<u><u>\$126,447,533</u></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.

Ratios to 2016-17 Assessed Valuation:

Direct Debt	0.86%
Total Overlapping Tax and Assessment Debt	2.49%

Ratios to Adjusted Assessed Valuation:

Direct Debt	1.13%
Total Overlapping Tax and Assessment Debt	3.26%
Combined Total Debt	4.39%

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Debt limit	\$ 563,808,591	\$ 595,025,845	\$ 581,318,695	\$ 573,980,277
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 563,808,591</u>	<u>\$ 595,025,845</u>	<u>\$ 581,318,695</u>	<u>\$ 573,980,277</u>
Total net debt applicable to the limit as a percent of debt limit	0.00%	0.00%	0.00%	0.00%
Legal Debt Margin Calculation:				
Assessed value	\$ 3,723,009,627	\$ 3,928,654,151	\$ 3,835,622,958	\$ 3,793,015,615
Add back: exempt real property	<u>35,714,311</u>	<u>38,184,816</u>	<u>39,835,011</u>	<u>33,519,567</u>
Total assessed value	<u>\$ 3,758,723,938</u>	<u>\$ 3,966,838,967</u>	<u>\$ 3,875,457,969</u>	<u>\$ 3,826,535,182</u>
Debt limit (15% of total assessed value)	\$ 563,808,591	\$ 595,025,845	\$ 581,318,695	\$ 573,980,277
Debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 563,808,591</u>	<u>\$ 595,025,845</u>	<u>\$ 581,318,695</u>	<u>\$ 573,980,277</u>

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.

Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 585,365,738	\$ 602,284,951	\$ 618,519,977	\$ 643,657,163	\$ 673,079,843	\$ 710,507,871
-	-	-	-	-	-
<u>\$ 585,365,738</u>	<u>\$ 602,284,951</u>	<u>\$ 618,519,977</u>	<u>\$ 643,657,163</u>	<u>\$ 673,079,843</u>	<u>\$ 710,507,871</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 3,861,702,311	\$ 3,973,385,899	\$ 4,065,546,441	\$ 4,249,444,059	\$ 4,443,723,085	\$ 4,699,049,996
40,735,942	41,847,108	57,920,073	41,603,696	43,475,869	37,669,146
<u>\$ 3,902,438,253</u>	<u>\$ 4,015,233,007</u>	<u>\$ 4,123,466,514</u>	<u>\$ 4,291,047,755</u>	<u>\$ 4,487,198,954</u>	<u>\$ 4,736,719,142</u>
\$ 585,365,738	\$ 602,284,951	\$ 618,519,977	\$ 643,657,163	\$ 673,079,843	\$ 710,507,871
-	-	-	-	-	-
<u>\$ 585,365,738</u>	<u>\$ 602,284,951</u>	<u>\$ 618,519,977</u>	<u>\$ 643,657,163</u>	<u>\$ 673,079,843</u>	<u>\$ 710,507,871</u>

City of Pico Rivera
Pledged Revenue Bond Coverage

1999 WATER AUTHORITY REVENUE BONDS - Last Ten Fiscal Years

Fiscal Year	Gross Revenue ⁽¹⁾	Less:		Net Revenue		Coverage
		Direct Costs ⁽²⁾		Available for Debt Service	1999 Bonded Debt (P & I)	
2007-08	\$ 8,221,500	\$ (5,185,061)		\$ 3,036,439	\$ 1,635,776	1.86
2008-09	7,994,018	(4,814,036)		3,179,982	1,637,438	1.94
2009-10	8,235,109	(4,746,392)		3,488,717	1,637,175	2.13
2010-11	9,158,969	(5,150,332)		4,008,637	1,637,437	2.45
2011-12	9,819,509	(5,566,748)		4,252,761	1,635,400	2.60
2012-13	10,148,149	(4,638,606)		5,509,543	1,641,063	3.36
2013-14	11,311,659	(4,944,349)		6,367,310	1,638,925	3.89
2014-15	10,934,757	(4,785,711)		6,149,046	1,638,925	3.75
2015-16	10,787,717	(5,745,991)		5,041,726	1,638,500	3.08
2016-17	11,969,572	(4,617,562)		7,352,010	1,635,875	4.49

(1) Total Water Authority revenues

(2) Total expenditures less depreciation, amortization on issuance costs and allocated costs

2001 WATER AUTHORITY REVENUE BONDS (Subordinate to 1999 Water Bonds) - Last Ten Fiscal Years

Fiscal Year	Gross Revenue ⁽¹⁾	Less Purchased Security Revenue ⁽²⁾	Less: Direct Costs ⁽³⁾	Less: 1999 Debt Service		Total Pledged		Coverage
				P & I Payments	Plus: Secured Revenues ⁽⁴⁾	Subordinate Net Revenues & Securities	2001 Debt Service P & I Payments	
2007-08	\$ 8,221,500	\$ (2,592,625)	\$ (5,185,061)	\$ (1,635,776)	\$ 3,357,625	\$ 2,165,663	\$ 3,109,906	0.70
2008-09	7,994,018	(2,537,150)	(4,814,036)	(1,637,438)	3,357,150	2,362,544	3,104,450	0.76
2009-10	8,235,109	(2,477,650)	(4,746,392)	(1,637,175)	3,357,650	2,731,542	3,106,119	0.88
2010-11	9,158,969	(2,413,950)	(5,150,332)	(1,637,437)	3,353,950	3,311,200	3,104,625	1.07
2011-12	9,819,509	(2,345,875)	(5,566,748)	(1,635,400)	3,350,875	3,622,361	3,099,969	1.17
2012-13	10,148,149	(2,273,075)	(4,638,606)	(1,641,063)	3,348,075	4,943,480	3,097,031	1.60
2013-14	11,311,659	(2,195,200)	(4,944,349)	(1,638,813)	3,345,200	5,878,497	3,095,000	1.90
2014-15	10,934,757	(2,111,900)	4,785,711	(1,638,925)	3,341,900	5,740,121	3,088,281	1.86
2015-16	10,787,717	(2,022,650)	(5,369,848)	(1,638,500)	3,342,650	5,099,369	3,086,563	1.65
2016-17	11,969,572	(1,927,100)	(4,617,562)	(1,635,875)	3,337,100	7,126,135	3,084,375	2.31

(1) Total Water Authority revenues

(2) This column is the interest earned on the 2001 Tax Allocation Refunding Bonds

(3) Total expenditures less depreciation, amortization on bond costs and interest payments on the 1999 & 2001 water fund bonds

(4) Principal & interest received on the 2001 Redevelopment Agency Tax Allocation Refunding Bonds

2016 LEASE REVENUE BONDS - (2)

Fiscal Year	Gross Revenue ⁽¹⁾	Principal	Interest	Total	Coverage
2016-17	37,906,839	980,000.00	655,944	1,635,944	23.17

(1) Total General Fund revenues

(2) In FY 2016-17, the City of Pico Rivera refinanced its 2009 Lease Revenue bonds

City of Pico Rivera
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2007-08	66,533	1,076,903	16,186	6.90%
2008-09	66,650	1,050,937	15,768	10.80%
2009-10	62,988	1,089,063	17,290	11.50%
2010-11	63,121	1,140,344	18,066	11.50%
2011-12	63,121	1,141,193	18,199	10.85%
2012-13	63,053	1,161,020	18,274	8.60%
2013-14	63,873	1,185,419	18,559	7.10%
2014-15	63,902	1,200,974	18,794	7.60%
2015-16	64,272	1,187,509	18,476	6.20%
2016-17	64,046	1,193,963	18,642	4.80%

(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.

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

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

Employer	Business Type	2016-17		2007-08	
		Employees	% of Total City Employment	Employees	% of Total City Employment
El Rancho Unified School District*	Government	1,225	4.06%	1,636	5.60%
Wal-Mart Supercenter	Retailer	500	1.66%	600	2.05%
Southern California Gas Co	Utilities	433	1.43%	-	0.00%
Bake Mark	Distribution Center	310	1.03%	259	0.89%
Cinta Facility Services Los Angeles	Service	225	0.75%	195	0.67%
Target	Retailer	186	0.62%	228	0.78%
Feit Electric Co Inc	Service	180	0.60%	169	0.58%
Bay Cities Container	Manufacturer	155	0.51%	-	0.00%
First Source LLC	Warehouse Storage	146	0.48%	-	0.00%
Lowes	Retailer	145	0.48%	-	0.00%
Pacific Coast Feather	Retailer	-	0.00%	195	0.67%
Bimbo Bakeries	Distribution Center	-	0.00%	170	0.58%
Los Angeles County Sheriff	Patrol Station	-	0.00%	150	0.51%
City of Pico Rivera	Government	-	0.00%	129	0.44%
Total Top Employers		<u>3,505</u>	<u>11.61%</u>	<u>3,731</u>	<u>12.78%</u>

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

Total employment within the City based upon EDD estimation in 2016-17 was 30,200
Total employment within the City based upon EDD estimation in 2007-08 was 29,200

City of Pico Rivera
 Full-Time Equivalent City Employees by Function
 Last Ten Fiscal Years

Function	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Government	28.0	31.0	29.0	29.0	28.0	29.0	29.0	30.0	25.0	30.0
Public Safety	8.0	8.0	7.0	7.0	6.0	5.0	5.0	5.0	8.0	8.0
Public Works	48.0	56.0	57.0	57.0	57.0	47.0	47.0	54.0	55.0	64.0
Parks and Recreation	17.0	22.0	22.0	22.0	20.0	20.0	20.0	21.0	21.0	26.0
Community Development	17.0	19.0	22.0	22.0	17.0	16.0	16.0	16.0	15.0	20.0
Water	11.0	8.0	8.0	8.0	10.0	11.0	11.0	11.0	8.0	9.0
Total	<u>129.0</u>	<u>144.0</u>	<u>145.0</u>	<u>145.0</u>	<u>138.0</u>	<u>128.0</u>	<u>128.0</u>	<u>137.0</u>	<u>132.0</u>	<u>157.0</u>

Source: City of Pico Rivera Finance Department

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

Function	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Police:				
Calls dispatched	23,548	23,017	22,471	21,622
Crime reports	8,657	8,323	7,892	7,420
Moving citations	6,979	6,747	9,057	8,321
Parking citations	634	864	408	440
Parking citations issued by Public Safety	19,244	22,444	22,473	20,276
Streets and Highways:				
Asphalt repair (in tons)	360	707	1,600	976
Curb & gutter repair (lineal ft.)	2,550	1,890	735	672
Sidewalk repair (lineal ft.)	14,810	9	7,502	6,846
Traffic signals maintained	39	46	49	50
Water:				
Number of customer accounts	9,400	9,456	9,405	9,411
Average daily consumption (millions of gallons)	5	5	5	5
Water samples taken (annual)	767	780	798	762
Sewers:				
Feet of sewer mains root cut/chemically treated	11	11	11	11
Maintenance:				
Square ft. graffiti removal	23,425	234,607	132,844	183,680
Street sweeping miles	14,088	14,400	14,400	14,400
Trees pruned per year	3,700	4,592	4,669	4,041
Culture and Recreation:				
Youth sports	685	700	659	856
Aquatics	35,964	37,718	16,720	12,163
Recreation classes	39,452	10,184	10,082	10,660
Senior Center participants	84,728	90,664	100,547	117,321

(A) Information is not available

(*) City sewer rights were returned to LA County Public Works in FY 2015-16

Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
21,735	22,369	21,602	21,878	24,523	(A)
7,151	7,062	9,775	10,725	10,268	(A)
4,326	4,947	4,822	4,250	3,296	(A)
416	302	549	147	171	(A)
16,490	16,161	16,303	15,152	15,468	(A)
1,012	669	160	427	100	(A)
720	1,059	26	530	500	(A)
5,152	4,690	877	1,200	1,600	(A)
50	51	42	45	47	(A)
9,468	9,510	9,393	94,000	9,435	(A)
5	6	5	5	4	(A)
810	783	900	1,162	520	(A)
11	11	11	11	0*	0*
121,419	120,200	95,353	101,419	100,000	(A)
21,285	21,285	21,285	21,285	10,400	(A)
4,621	4,543	4,258	4,998	5,000	(A)
825	835	856	856	818	(A)
11,479	17,800	16,179	16,179	6,960	(A)
15,601	14,983	16,415	16,415	4,825	(A)
132,211	133,143	117,978	117,978	110,632	(A)

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

Function	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Public Safety:				
Police stations	1	1	1	1
Number of patrol units	12	14	14	12
Highways and Streets:				
Miles of streets	137.0	115.2	115.2	115.2
Traffic Signals	40	42	42	43
Water:				
Number of active water wells	8	8	8	8
Number of reservoirs	3	3	3	3
Miles of lines & mains	98	98	98	98
Sewer:				
Miles of sanitary sewers	285	285	285	285
Miles of flood control channel	17	17.2	17.2	17.2
Culture and Recreation:				
Number of parks	7	8	8	8
Number of community centers	8	6	6	6

Fiscal Year					
<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
1	1	1	1	1	1
12	12	12	12	12	12
115.2	115.2	115.2	115.2	115.2	115.2
43	43	43	43	47	47
8	8	8	8	8	8
3	3	3	3	3	3
98	98	98	98	98	98
285	285	285	285	285	285
17.2	17.0	17.0	17.0	17.0	17.0
8	8	8	8	8	8
6	6	6	6	6	6



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