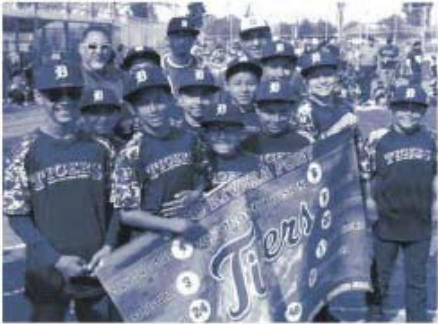


COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of Pico Rivera, California
Fiscal Year Ended June 30, 2018

This page intentionally left blank.

CITY OF PICO RIVERA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared by:
Finance Department

This page intentionally left blank.

CITY OF PICO RIVERA, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents

	<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, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents

	<u>Page Number</u>
FINANCIAL SECTION (CONTINUED):	
Required Supplementary Information:	95
Schedule of Changes in Net Pension Liability and Related Ratios - Miscellaneous Plan	96
Schedule of Contributions - Miscellaneous Plan	97
Schedule of Changes in Net Pension Liability and Related Ratios - Council Plan	98
Schedule of Contributions - Council Plan	99
Schedule of Money-Weighted Rate of Return - Council Plan	99
Schedule of Changes in Net OPEB Liability and Related Ratios	100
Schedule of Contributions - OPEB Plan	101
Budgetary Comparison Schedules:	
General Fund	102
Housing Agency Section 8 Special Revenue Fund	103
Federal Grants Special Revenue Fund	104
Note to Required Supplementary Information	105
Supplementary Information:	107
Other Major Fund - Budgetary Comparison Schedule:	
Capital Improvement Capital Projects Fund	110
Other Governmental Funds:	
Description of Other Governmental Funds	111
Combining Balance Sheet	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	120
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Community Development Block Grant Special Revenue Fund	126
State Gas Tax Special Revenue Fund	127
Lighting Assessment District Special Revenue Fund	128
Park Development Special Revenue Fund	129
Prop A Special Revenue Fund	130
Prop C Special Revenue Fund	131
Measure R Special Revenue Fund	132
Measure M Special Revenue Fund	133
HOME Grant Special Revenue Fund	134
CalHOME Grant Special Revenue Fund	135

CITY OF PICO RIVERA, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents

	<u>Page Number</u>
FINANCIAL SECTION (CONTINUED):	
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	136
State Grants Special Revenue Fund	137
Economic Sustainability Special Revenue Fund	138
Image Enhancement Special Revenue Fund	139
Sewer Maintenance Special Revenue Fund	140
Reach Grants Special Revenue Fund	141
Cable/PEG Support Special Revenue Fund	142
Transportation Development Act Special Revenue Fund	143
Narcotics Forfeiture Special Revenue Fund	144
Paramount/Mines Landscape Maintenance Assessment Capital Projects Fund	145
Other Enterprise Funds:	
Description of Other Enterprise Funds	147
Combining Statement of Net Position	148
Combining Statement of Revenues, Expenses, and Changes in Net Position	149
Combining Statement of Cash Flows	150
Agency Fund:	
Description of Agency Fund	151
Statement of Changes in Fiduciary Assets and Liabilities	152
STATISTICAL SECTION (UNAUDITED):	153
Description of Statistical Section Contents	155
Financial Trends:	
Net Position by Component - Last Ten Fiscal Years	156
Change in Net Position - Expenses and Program Revenues - Last Ten Fiscal Years	158
Change in Net Position - General Revenues - Last Ten Fiscal Years	160
Fund Balances of Governmental Funds - Last Ten Fiscal Years	162
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	164

CITY OF PICO RIVERA, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents

	<u>Page</u> <u>Number</u>
STATISTICAL SECTION (UNAUDITED) (CONTINUED):	
Revenue Capacity:	
Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years	166
Revenue Base by Category - Last Ten Fiscal Years	167
Property Tax Levies and Tax Collections - Last Ten Fiscal Years	169
Direct and Overlapping Governments Property Tax Rates - Last Ten Fiscal Years	170
Principal Property Taxpayers - Current Fiscal Year and Nine Fiscal Years Ago	172
Top 25 Sales Tax Producers - Current Fiscal Year and Nine Fiscal Years Ago	173
Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	174
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years	176
Direct and Overlapping Debt	177
Legal Debt Margin Information - Last Ten Fiscal Years	178
Pledged Revenue Bond Coverage:	
Water Authority Revenue Bonds - Last Ten Fiscal Years	180
2001 Tax Allocation Refunding Bonds - Last Ten Fiscal Years	180
2009 Lease Revenue Bonds - Last Seven Fiscal Years	180
2016 Lease Revenue Bonds	180
Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Fiscal Years	181
Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago	182
Operating Information:	
Full-Time Equivalent City Employees by Function - Last Ten Fiscal Years	183
Operating Indicators by Function - Last Ten Fiscal Years	184
Capital Asset Statistics by Function - Last Ten Fiscal Years	186

INTRODUCTORY SECTION

This page intentionally left blank.



Michael Solorza
Director

City of Pico Rivera

ADMINISTRATIVE SERVICES

6615 Passons Boulevard · Pico Rivera, California 90660

(562) 801-4392

Web: www.pico-rivera.org · e-mail: msolorza@pico-rivera.org

City Council

Brent A. Tercero

Mayor

Gustavo V. Camacho

Mayor Pro Tem

Raul Elias

Councilmember

Gregory Salcido

Councilmember

January 29, 2019

Honorable Mayor and City Council
City of Pico Rivera, California

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT TO THE CITY OF PICO RIVERA FOR THE FISCAL YEAR ENDED JUNE 30, 2018

I am pleased to present the Comprehensive Annual Financial Report of the City of Pico Rivera for the fiscal year ended June 30, 2018 – the 60th Anniversary of the City's incorporation in 1958. 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 provides highlights from Fiscal Year 2017-18, as well as explains ongoing efforts to improve and maintain the City's sound financial footing.

The Comprehensive Annual Financial Report (CAFR) 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, 2018, 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 CAFR for the fiscal year ended June 30, 2017. Excluding 2007 (when there was significant management turnover), this was the 19th 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 2017-18 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, just one more way to celebrate the City's glorious past and prosperous future.

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 budget preparation and monitoring and accounting. Police, fire and library services are provided by Los Angeles County.

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, 2018 was \$285.216 million, an increase from \$281.995 million as of June 30, 2017.

Focusing on the General Fund, total fund balance (restated) stood at \$60.753 million as of June 30, 2018. This was a \$410 thousand increase over Fiscal Year 2016-17. While operating expenses did exceed operating revenues by \$1.313 million, non-operating Transfers In/Out provided a net positive \$1.723 million, leading to the slight increase to overall fund balance in the General Fund.

There were two primary one-time uses of fund balance that were not fully offset by a corresponding revenue source. The City purchased two pieces of private property at the intersection of Beverly and Rosemead Boulevards. The purchase of these properties will allow for the widening of this intersection, as part of a Los Angeles County Metropolitan Transportation Authority (Metro) "Hot Spots" project funded by County of Los Angeles Measure R transportation sales tax revenue. A portion of the purchase price of the properties was reimbursed by Metro. However, there is a net expense realized that will not be fully reimbursed until the project is completed and the remaining parcel of land can be sold to a private developer. The expenses, and corresponding revenue which partially offset the purchase price, were recorded in the General Fund.

In addition, the City has continued its focus on reducing long-term pension and other post-employment benefit liabilities. Related to this, there was a \$1.000 million expense related to depositing these funds in an irrevocable trust established in November, 2017. Depositing \$1.000 million to the Section 115 trust was an investment in the City's future, which will set aside funds to help address increasing pension related costs. These funds will provide future funding, as they are invested and grow, to offset Public Employee Retirement System (PERS) related expenses in future fiscal years.

Not all of the \$60.753 million in General Fund fund balance is spendable (i.e., liquid): \$25.169 million is nonspendable. This particular amount is related to the former Pico Rivera Redevelopment Agency and outstanding debt. Of the remaining spendable fund balance, \$9.665 million comprises the Emergency Reserve commitment, which represents 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 \$13.856 million classified as "assigned" for various other uses (i.e., self-insured retention, capital improvements, etc.). The remaining \$12.063 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 policies.

Significant City Accomplishments and Initiatives

The City of Pico Rivera can be proud of numerous significant accomplishments in Fiscal Year 2017-18. One of the most significant accomplishments was the operationalization of a Community Choice Aggregation (CCA) power supply entity known as Pico Rivera Innovative Municipal Energy (PRIME). This entity, created in FY 2016-17 (April, 2017) 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 California Public Utilities Commission and made by locally elected City Council members.

Another significant accomplishment is the establishment of a Section 115 irrevocable trust with the Public Agency Retirement System (PARS). As mentioned above, the City committed \$1.000 million in fund balance to pre-fund this trust. The establishment of this trust will help build funding to offset future pension related costs. Recent and

continuing changes by the California Public Employee Retirement System (PERS) have placed a greater burden on employers (i.e., cities) to pay for retiree related costs. It is imperative that Pico Rivera begin planning now for these inevitable increases to ongoing pension costs. Setting aside funds in an irrevocable trust is one step towards addressing these growing expenditures.

In addition, the City also:

- Began the process of issuing \$15 million in Certificates of Participation (COPs) to be utilized for a citywide Pavement Management Plan that will revitalize the majority of the City's residential, arterial and major thoroughfares within the next five years.
- Completed the transition of all financial and human resources software to a modern, state of the art system that allows for improved reporting and increased efficiency.
- Transitioned to a new insurance provider effective July 1, 2017, saving the City almost \$1.0 million in reduced premium costs for liability and workers compensation coverage.
- Successfully negotiated four labor agreements with the City's various employee groups, providing wage increases and improved benefits to more than 300 full and part-time employees.
- 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, with a special focus on a year-long celebration of the City's 60th Anniversary since incorporation in 1958.

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 implemented in FY 2017-18 that further improved the City's fiscal standing and overall financial stability: adoption of a budget with a General Fund operating surplus of \$264,000, receiving the Government Finance Officers Association (GFOA) award for excellent in budget reporting for the first time in over ten years, improving information technology services, improving employee financial literacy by offering financial and retirement planning workshops, and many more tasks and projects.

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 \$1.313 million as of June 30, 2018. However, as explained above, that was due to strategic one-time expenditures designed to address long-term liabilities and improve traffic flow throughout the City.

Even with the one-time use of available General Fund reserves, total fund balance grew slightly (\$410 thousand) to \$60.754 million – an amount that represents 157% 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 relative health of the City's finances can be attributed to three successive fiscal years of focused attention on improving the alignment of ongoing expenditures with ongoing revenues. While Pico Rivera has enjoyed positive financial health in the recent past, 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 show relative strength, no City is immune to 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 fulfill City Council priorities. The efforts to focus on Pico Rivera's fiscal health will continue as subsequent budgets are developed, with an emphasis on maintaining and ensuring financial sustainability and security.

Internal Control Improvements

Administrative Services Department staff worked diligently over the past three fiscal years to address recommendations from our auditors to improve the administration, management and production of the City's financial statements. The auditors recommendations from three fiscal years ago (FY 2015-16) 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 2016-17. The auditors' one remaining recommendation from the 2015-16 audit still needing to be addressed was the continued improvement in tracking capital projects, construction in progress and assets (i.e., equipment and vehicles). Staff continued the efforts begun in previous years by making improvements to asset tracking and classification in FY 2017-18.

For example, in FY 2016-17 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 – begun in FY 2017-18 with full implementation anticipated in FY 2018-18 – is using the City's new financial software (New Worlds Systems) to track and depreciate all capital assets, making the process easier and more accurate.

Reserves and Fund Balance Policy

In an effort to further secure 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 and updated 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 (i.e., addressing long-term unfunded liabilities).

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 Single Audit Act of 1984 and related OMB Circular A-133. The auditor's report on the basic financial statements is included in the financial section of this report. Results of the Single Audit are reported separately and will be available by March, 2019.

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, Senior Accountant 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.



Michael Solorza
Director of Administrative Services

MS:ey

This page intentionally left blank.



CITY OF PICO RIVERA

CITY OFFICIALS

June 30, 2018

City Council

Gustavo V. Camacho, Mayor

Brent A. Tercero, Mayor Pro-Term

Bob J. Archuleta, Councilmember

David W. Armenta, Councilmember

Gregory Salcido, Councilmember

Executive Team

Acting City Manager

James A. Enriquez, P.E.

Public Works Director / City Engineer

James A. Enriquez, P.E.

Community & Economic Development Director

Steve Carmona

City Clerk

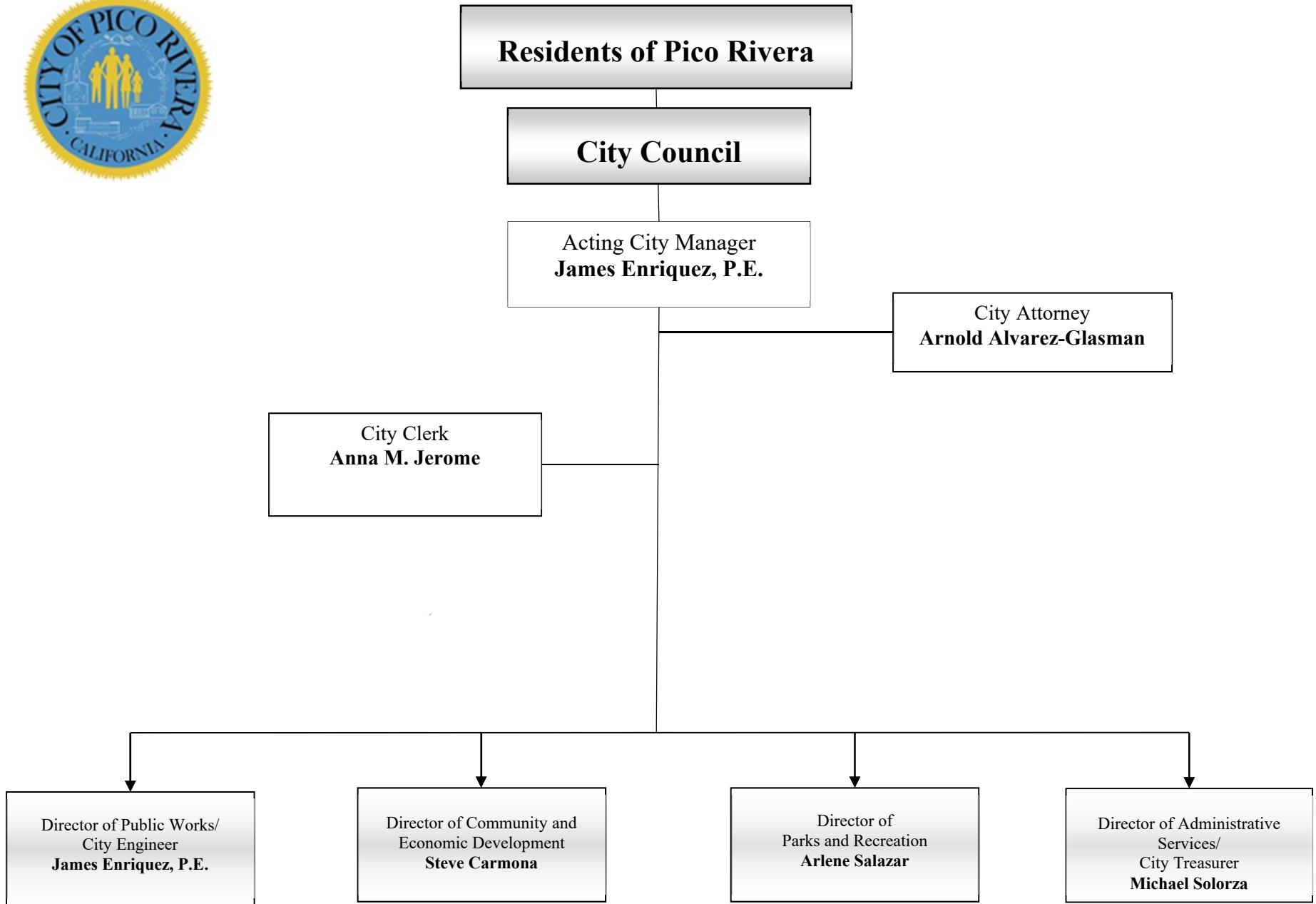
Anna M. Jerome

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, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

This page intentionally left blank.

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, 2018, 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, 2018, 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.

Emphasis of Matter

As discussed in Notes 1D and 16 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which required retrospective application resulting in a reduction of previously reported net position. Also, as discussed in Note 16 to the financial statements, previously reported net position of the governmental activities and fund balance of the General Fund has been increased for a correction to deposits payable and the previously reported net position of the Successor Agency to the City of Pico Rivera Redevelopment Agency Private-Purpose Trust Fund has been decreased for a correction to the balance of the Los Angeles County deferral obligation. Our opinions are not modified with respect to these matters.

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 changes in net OPEB liability and related ratios, the schedule of contributions - OPEB plan, 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 January 29, 2019, 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
January 29, 2019

This page intentionally left blank.

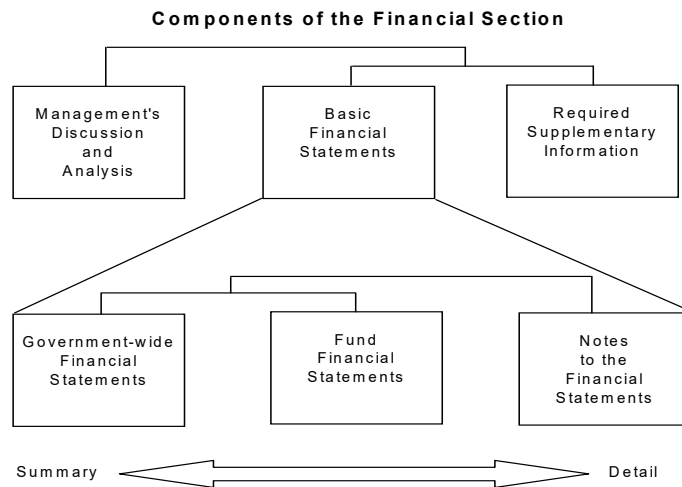
CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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, 2018, 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, 2018

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 107.

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 102-104, 110 and 126-145. 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, 2018

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 four enterprise funds: the Water Enterprise Fund, the Golf Course Fund the Sports Arena Fund and the Pico Rivera Innovative Municipal Energy (PRIME) fund. The PRIME fund is new for Fiscal Year 2017-18 and is utilized to capture activity of the City's Community Choice Aggregate enterprise function. The basic proprietary fund financial statements can be found beginning on pages 31 through 34 and pages 148 through 150 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 three Fiduciary funds: the Successor Agency to the City of Pico Rivera Redevelopment Agency Private-Purpose Trust Fund, the Assessment District 95-1 Improvement Agency Fund and the newly established (Fiscal Year 2017-18) Section 115 Pension Rate Stabilization Program (PRSP) irrevocable trust 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 page 152 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 96 through 105 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 107 through 152 of this report.

FINANCIAL HIGHLIGHTS

Citywide

- Comparing fiscal year ending June 30, 2018 with June 30, 2017, the City's total net position increased from \$281.995 million to \$285.261 million. Of this amount, there was an increase in total assets of \$9.835 million to \$419.336 million, an increase in total liabilities of \$9.342 million to \$143.388 million, an increase of deferred outflows of resources of \$2.425 million and a decrease of deferred inflows of resource of \$348 thousand.

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

- Citywide revenues totaled \$79.139 million, an increase of \$15.067 million over the prior year. Expenses were \$65.998 million, an increase of \$1.488 million over the prior year.
- Citywide capital assets, after depreciation, increased \$5.273 million to \$306.446 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 and an increase in depreciation of assets.

Fund Level – Governmental Funds

- Governmental Fund revenues increased \$9.080 million to \$60.780 million (prior to any transfers). This increase was primarily due to increases in Operating Grants and Capital Grants of \$5.585 million and \$2.096 million 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 decreased \$4.288 million to \$50.444 million. The majority of this overall decrease was in the General Government and Public Works categories (\$2.103 million and \$2.600 million respectively).

General Fund

- General Fund revenues were \$43.599 million, an increase of \$5.692 million over the prior year. Increase in Miscellaneous revenue related to a one-time sale of property was responsible for \$4.908 million of this increase.
- Taxes and Assessments revenue was also up compared to the prior fiscal year, with increases in property tax offsetting lower than projected sales tax revenue
- Investment and Rental revenue was also up compared to the prior fiscal year. Increased interest rates due to an improving economy provided additional pooled cash interest revenue. In addition, management engaged a third party firm to manage \$20 million in idle cash, which was invested at rates generally higher than those earned by the City's Local Agency Investment Fund (LAIF) deposit.
- General Fund expenditures were \$44.911 million, a \$1.486 million increase from the prior year. The single largest expenditure item contributing to this increase was the purchase of private property related to a Los Angeles County Metropolitan Transportation Authority (Metro) project (Beverly and Rosemead “Hot Spots”).
- Overall, there were savings in General Government and Public Works related to vacant executive management positions. These savings were offset by increased spending in Public Safety related to homeless encampment enforcement and security at various 60th Anniversary special events.

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

- The fund balance of the General Fund increased \$410 thousand at June 30, 2018 to \$60.753 million.

Fund Level – Proprietary Funds

The City had four Enterprise Funds in Fiscal Year 2017-18.

Business-type Activities – Enterprise Funds – Overall, the total net position of these funds increased \$652 thousand to \$19.666 million.

- Total current and noncurrent assets increased \$1.414 million to \$65.904 million
- Total current and noncurrent liabilities increased \$1.146 million to \$47.189 million
- Total operational and nonoperational revenues increased \$5.987 million to \$18.360 million and operating and nonoperating expenses increased \$5.776 million to \$15.554 million (the primary reason for this increase to revenues and expenses was from the newly created Pico Rivera Innovative Municipal Energy [PRIME] fund established in Fiscal Year 2017-18 to account for the City's Community Choice Aggregate program activity).

Fund Level – Fiduciary Funds

- The three Fiduciary Funds are discussed later in this document.

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 pronouncements implemented by the City, GASB 68 and GASB 75, require the reporting of pension obligations and Other Post Employment Benefit (OPEB) obligations, respectively, on these financial statements. Shown on the next page is the schedule of Statement of Net Position for the years ended June 30, 2018 and 2017, covering Governmental Activities and Business-Type Activities (i.e., enterprise funds).

Net position serves as an indicator of a government's financial position over time. As of June 30, 2018, the City's combined net position (governmental and business-type activities) totaled \$285.261 million, an increase of \$3.266 million from the prior year.

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

City of Pico Rivera
Statement of Net Position
Fiscal Year ended June 30, 2018 and June 30, 2017

	Governmental Activities		Business - Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and Other Assets	\$ 56,870,821	\$ 55,834,319	\$ 16,070,537	\$ 11,126,902	\$ 72,941,358	\$ 66,961,221
Internal Balances	\$ 21,023,604	\$ 19,254,734	\$ (21,023,604)	\$ (19,254,734)	\$ -	\$ -
Land held for resale	\$ 600,000	\$ 600,000			\$ 600,000	\$ 600,000
Receivables from Successor Agency	\$ 14,933,276	\$ 14,934,017	\$ 24,415,119	\$ 25,832,833	\$ 39,348,395	\$ 40,766,850
Capital Assets	\$ 260,004,047	\$ 254,387,673	\$ 46,441,772	\$ 46,785,137	\$ 306,445,819	\$ 301,172,810
Total Assets	\$ 353,431,748	\$ 345,010,743	\$ 65,903,824	\$ 64,490,138	\$ 419,335,572	\$ 409,500,881
Deferred Outflow of resources	\$ 9,381,074	\$ 7,293,656	\$ 1,094,387	\$ 756,437	\$ 10,475,461	\$ 8,050,093
Liabilities:						
Current liabilities	\$ 11,114,705	\$ 11,375,815	\$ 3,088,743	\$ 1,816,637	\$ 14,203,448	\$ 13,192,452
Long-term liabilities	\$ 33,483,347	\$ 33,182,701	\$ 37,768,966	\$ 40,129,970	\$ 71,252,313	\$ 73,312,671
Net OPEB Obligation	\$ 20,522,460	\$ 14,957,698	\$ 1,857,540		\$ 22,380,000	\$ 14,957,698
Net Pension Liabilities	\$ 31,078,035	\$ 28,485,966	\$ 4,473,787	\$ 4,096,656	\$ 35,551,822	\$ 32,582,622
Total Liabilities	\$ 96,198,547	\$ 88,002,180	\$ 47,189,036	\$ 46,043,263	\$ 143,387,583	\$ 134,045,443
Deferred Inflows of resources	\$ 1,019,279	\$ 1,321,071	\$ 142,932	\$ 189,303	\$ 1,162,211	\$ 1,510,374
Net Position:						
Net investment in capital assets	\$ 230,499,724	\$ 223,976,465	\$ 33,236,723	\$ 32,604,651	\$ 263,736,447	\$ 256,581,116
Restricted	\$ 16,360,144	\$ 13,274,422	\$ -	\$ -	\$ 16,360,144	\$ 13,274,422
Unrestricted	\$ 18,735,128	\$ 25,730,261	\$ (13,570,480)	\$ (13,590,642)	\$ 5,164,648	\$ 12,139,619
Total Net Position	\$ 265,594,996	\$ 262,981,148	\$ 19,666,243	\$ 19,014,009	\$ 285,261,239	\$ 281,995,157

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 \$263.736 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, 2018

At June 30, 2018, the City's restricted net position was \$16.360 million or 5.7% 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 \$5.165 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted amount decreased \$6.975 million when compared to the June 30, 2017 amount.

Governmental Activities - Governmental activities' assets increased \$8.421 million to \$353.432 million, liabilities increased \$8.196 million to \$96.199 million, and total net position increased \$2.613 million to \$265.595 million when compared to the prior year.

- Cash and investments increased \$1.958 million to \$46.278 million.
- Long term liabilities, increased \$301 thousand.
- There was \$31.078 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.
- There was \$20.522 million in Other Post Employment Benefit (OPEB) liabilities included as part of the implementation of GASB 78, effective for FY 2017-18. Similar to GASB 68, OPEB liabilities, deferred outflows/inflows of resources and expenses related to post-employment benefits (i.e., retiree health care) must be recognized in the financial statements.

Business-Type Activities - Business-type activities assets increased \$1.414 million to \$65.904 million. Liabilities increased \$1.146 million to \$47.189 million and the total net position increased \$652 thousand to \$19.666 million.

- The share of Net pension liability – due to required GASB 68 reporting first effective for fiscal years ending June 30, 2015 – was \$4.474 million.
- There was \$1.858 million in Other Post Employment Benefit (OPEB) liabilities included as part of the implementation of GASB 78, effective for FY 2017-18.

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

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

City of Pico Rivera
Statement of Activities
Fiscal Year ended June 30, 2018 and June 30,2017

	Governmental Activities		Business - Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for services	4,526,104	4,309,593	16,334,488	10,298,569	20,860,592	14,608,162
Operating grants and contributions	16,678,586	11,093,802	-	-	16,678,586	11,093,802
Capital grants and contributions	2,874,341	778,116	-	-	2,874,341	778,116
General Revenues:						
Property taxes	11,173,640	10,591,691	-	-	11,173,640	10,591,691
Sales and use taxes	17,575,729	17,637,948	-	-	17,575,729	17,637,948
Franchise taxes	1,703,255	1,582,026	-	-	1,703,255	1,582,026
Utility users taxes	3,142,090	3,276,321	-	-	3,142,090	3,276,321
Other taxes	1,807,130	1,632,337	-	-	1,807,130	1,632,337
Investment earnings	637,086	347,422	2,025,078	2,073,537	2,662,164	2,420,959
Miscellaneous	662,225	450,783	-	-	662,225	450,783
Total Revenues	60,780,186	51,700,039	18,359,566	12,372,106	79,139,752	64,072,145
Expenses						
General Government	8,190,494	10,294,470	-	-	8,190,494	10,294,470
Public safety	11,885,957	11,400,486	-	-	11,885,957	11,400,486
Public works	12,488,922	15,088,653	-	-	12,488,922	15,088,653
Parks and recreation	7,146,278	6,263,237	-	-	7,146,278	6,263,237
Health and welfare	5,311,548	5,587,157	-	-	5,311,548	5,587,157
Community development	4,407,647	3,470,445	-	-	4,407,647	3,470,445
Interest and fiscal charges	1,013,498	2,107,582	-	-	1,013,498	2,107,582
Bond issuance costs	-	520,424	-	-	-	520,424
Enterprise operations	-	-	15,553,619	9,777,524	15,553,619	9,777,524
Total Expenses	50,444,344	54,732,454	15,553,619	9,777,524	65,997,963	64,509,978
Increase/Decrease in net position before transfers and special item	10,335,842	(3,032,415)	2,805,947	2,594,582	13,141,789	(437,833)
Transfers	42,027	(1,043,442)	(42,027)	1,043,442	-	-
Special item	-	-	-	-	-	-
Increase/Decrease in net position	10,377,869	(4,075,857)	2,763,920	3,638,024	13,141,789	(437,833)
Change in net position:						
Net Position - Beginning of Year	255,217,127	267,057,005	16,902,323	15,375,985	272,119,450	282,432,990
Net Position - End of Year	265,594,996	262,981,148	19,666,243	19,014,009	285,261,239	281,995,157

Governmental Activities – Total revenues increased \$9.080 million and expenses decreased \$4.288 million when compared to the previous year.

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

- Program revenues increased \$7.898 million. Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions all increased; with the largest increases seen in Operating and Capital grants.
- General revenues increased \$1.182 million. There was an increase in property taxes accounting for the majority of the increase in this revenue category (\$582 thousand). The overall increase in General Revenues was offset by a decrease in Sales Tax and Utility Users Tax revenues (\$196 thousand).
- Expenses decreased \$4.288 million. There were decreases in General Government and Public Works totaling \$4.704 million. The majority of this year-over-year decrease can be attributed to the \$4.000 million one-time expense related to pre-funding an irrevocable trust established in FY 2016-17 to reduce Other Post Employment Benefit (OPEB) unfunded liabilities.
- A restatement of the General Fund net position was required to account for the classification of “construction and demolition” (C&D) deposits as General Fund revenue. The restatement increased the General Fund net position by \$609 thousand as of July 1, 2017. This represents the amount of unclaimed C&D deposits (some dating back to 2004) that could legally be recognized as revenue.
- There was a restatement of net position for Governmental Activities of \$8.373 million related to implement of GASB 75. Implementation required a retrospective presentation of the Other Post Employment Benefit (OPEB) liability, decreasing net position as originally stated, to \$255.217 million as of July 1, 2017 (from \$262.981 million as originally presented, See Note 16 for additional information).

Business-Type Activities - The Water Fund is the primary enterprise fund. However, in Fiscal Year 2017-18 a new fund was created to account for the City’s Community Choice Aggregate program activity (Pico Rivera Innovative Municipal Energy [PRIME]) and most variances relate to this fund in particular.

- Revenue increased by \$5.987 million and expenses also increased by \$5.776 million.
- There was a restatement of net position for Business-type Activities of \$2.112 million related to implement of GASB 75. Implementation required a retrospective presentation of the Other Post Employment Benefit (OPEB) liability, decreasing net position as originally stated, to \$16.902 million as of July 1, 2017 (from \$19.014 million as originally presented, See Note 16 for additional information).

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

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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, 2018 the City's governmental funds reported a combined ending fund balance of \$74.717 million as shown on page 25. The fund balance categories of governmental funds displayed \$25.173 million as nonspendable, \$15.567 million as restricted, \$9.655 million as committed, \$13.856 million as assigned, and \$10.455 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 111.

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 \$60.753 million, an increase of \$410 thousand from the previous year. The nonspendable amount is \$25.169 million, the committed amount is \$9.665 million, the assigned amount is \$13.856 million and the unassigned amount is \$12.063 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, \$5.059 million in revenue was received and \$5.057 million was spent. The ending fund balance was \$627 thousand.

The largest source of revenue to this fund is the actual Section 8 Federal Funding used to provide housing assistance to eligible residents. Actual revenue is a function of the number of housing vouchers issued. For FY 2017-18, \$234 thousand less was received when compared to the prior year. Overall expenditures were only \$41 thousand lower when compared to the prior year.

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, \$1.262 million in revenue was received, with \$902 thousand in expenses and \$402 thousand in Transfer Out to the Capital Improvement Fund where it was spent on capital projects. The ending fund balance was a negative \$744 thousand.

Revenue and expenditures will vary from year to year since the grants are reimbursable. That is, the City must expend its own funds on projects, then request and receive reimbursements for eligible expenses. Depending on the timeline, scope and progress of a given capital project, expenses will vary, which in turn means the revenue received will vary.

Capital Improvement Fund - The Capital Improvement Fund is a capital improvements fund that is utilized to account for General Fund capital projects. This is a change in methodology that began in

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Fiscal Year 2017-18 and will be fully implemented in Fiscal Year 2018-19. Therefore, some of the revenue and expenditures reflected in this fund in Fiscal Year 2017-18 still account for the old methodology where monies were transferred in from other city funds and spent from this fund.

There were \$1.548 million in expenditures, offset by \$989 thousand in non-operating Transfer In revenue. Expenditures were \$906 thousand less than the prior year, with Transfer In revenue \$908 thousand less. These fluctuations from prior years are due to the progress, size and timing of capital projects, hence expenses and non-operating revenue will vary from year to year depending on the projects.

Business-type Activities – Enterprise Funds

There are two major funds in the enterprise fund group, the Water Operations Enterprise fund and the Pico Rivera Municipal Energy (PRIME) fund, which are 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, \$9.803 million was received as revenue (the majority from charges for services) and expenses were \$6.071 million. There were additional monies received as investment income and transfers to other funds. Overall, there was a profit of \$3.443 million (operating revenues over operating expenses) and the Water Fund's net position increased by \$3.401 million from the prior year to \$20.383 million.

Pico Rivera Innovative Municipal Energy (PRIME) Fund – This is a new fund in FY 2017-18. The City established a Community Choice Aggregation (CCA) operation. PRIME is operated as a modified Joint Powers Authority (JPA), with the City of Lancaster as the lead agency of the JPA. CCAs operate such that power purchase and rate setting authority is exercised locally. Southern California Edison (SCE) still provides transmission of all electricity as well as the billing. However, PRIME utilizes third party consultants to purchase power and answer billing inquiries from Pico Rivera residents. The benefit is that the overhead is lower, and those cost savings have been passed on to residential and commercial customers.

During its first year of operation, the PRIME fund realized \$5.355 million in revenue. This is partial year revenue as residential “go live” occurred in September, 2017; with commercial customers “go live” in May, 2018. Total operating expenses were \$4.901 million for the partial year of operations. Subsequent full operational years will see increases to both revenue and expenses.

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 and PRIME Enterprise Fund, see pages 31 through 34.

Capital Assets Administration

The City's investment in capital assets for its governmental activities at June 30, 2018 was \$260.004 million (net of accumulated depreciation of \$132.520 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
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

City of Pico Rivera
Capital Assets(Net of Accumulated Depreciation)
Fiscal Year ended June 30, 2018 and June 30,2017

	Governmental Activities		Business - Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land*	\$ 118,849,013	\$ 118,849,013	\$ 18,174,063	\$ 18,174,063	\$ 137,023,076	\$ 137,023,076
Structures & Improvements	\$ 25,576,925	21,445,150	\$ 5,013,838	\$ 5,013,838	30,590,763	26,458,988
Furniture, Equipment & Vehicles	\$ 6,560,287	6,560,287	\$ 995,024	\$ 995,024	7,555,311	7,555,311
Infrastructure	\$ 227,160,822	222,844,519	\$ 15,067,466	\$ 13,361,706	242,228,288	236,206,225
Construction in progress	\$ 14,376,872	10,481,100	\$ 766,099	\$ 1,887,688	15,142,971	12,368,788
Rights of Way	\$ -		\$ -	\$ -	-	-
Utility Plant	\$ -		\$ 27,365,589	\$ 27,365,589	27,365,589	27,365,589
					-	
Total Capital Assets	\$ 392,523,919	\$ 380,180,069	67,382,079	66,797,908	459,905,998	446,977,977
Less depreciation	\$ (132,519,872)	(126,092,003)	(20,940,307)	(20,128,490)	(153,460,179)	(139,399,528)
					-	
Net Capital Assets	\$ 260,004,047	\$ 254,088,066	\$ 46,441,772	\$ 46,669,418	\$ 306,445,819	\$ 307,578,449

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

Additional information on the City's capital assets can be found in Note 5 to the basic financial statements on pages 59 and 60 of this report.

Debt Administration

As of June 30, 2018, the City had total indebtedness of \$129.184 million, an increase of \$8.331 million. 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.

Governmental activities - Governmental activities total indebtedness increased during the year by \$8.457 million. The increase is primarily due to the increase in other post-employment benefit liabilities of \$5.565 million. There is also \$1.051 million related to claims and judgements. This amount is a combination of accrued amounts of \$353 thousand and \$698 thousand for general liability and workers compensation claims, respectively. This amount represents an estimate of amounts to be paid for reported claims and incurred but not yet reported claims.

Overall, governmental activities total indebtedness at year end is \$85.083 million. Please refer to note 6 beginning on page 61 for further detail.

Business-type activities - Business-type activities total indebtedness decreased during the year by \$126 thousand. The decrease is primarily due to reductions in revenue bond debt. Overall, business-type debt at year end is \$44.100 million. Please refer to note 6 beginning on page 61 for further detail.

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

**City of Pico Rivera
Outstanding Debt
Fiscal Year ended June 30, 2018 and June 30,2017**

	Governmental Activities		Business - Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bonded Indebtedness:						
Revenue bonds	\$ 28,625,000	\$ 29,490,000	\$ 37,520,000	39,900,000	66,145,000	69,390,000
Bond premium	\$ 2,814,322	\$ 2,948,350	\$ 431,798	471,655	3,246,120	3,420,005
Bond discount	\$ -	\$ -	\$ (331,630)	(358,336)	(331,630)	(358,336)
Other long-term debt:					-	-
Net pension liabilities	\$ 31,078,035	\$ 28,485,966	\$ 4,473,787	4,096,656	35,551,822	32,582,622
Other post-employ. Benefits	\$ 20,522,460	\$ 14,957,698	\$ 1,857,540		22,380,000	14,957,698
Claims and Judgements	\$ 1,051,000				1,051,000	-
Compensated absences	\$ 993,025	\$ 744,351	\$ 148,798	116,651	1,141,823	861,002
Total Indebtedness	\$ 85,083,842	\$ 76,626,365	44,100,293	44,226,626	129,184,135	120,852,991

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The General Fund realized a \$1.313 million operating deficit (operating revenues less operating expenditures) as of June 30, 2018. (When Transfer In/Transfer Out are included, the net change in fund balance was actually a positive \$410 thousand.) The operating deficit was due entirely to several one-time expenses. These one-time expenses were focused on addressing (i.e., reducing) long-term liabilities and improving traffic flow in the City. These one-time uses of fund balance are designed to help the City weather increases in pension expenses and regional traffic.

The largest use of fund balance was related to the purchase of two private properties. These purchases will help the City complete a road widening project (Beverly Blvd and Rosemead Blvd) which will improve traffic flow in that part of the City. The properties were purchased utilizing \$4.132 million in General Fund reserves, with the majority of the purchase price reimbursed by the Los Angeles County Metropolitan Transportation Authority (Metro). While the entire purchase price was not reimbursed, the plan is to find a private developer for any remaining "remnant" property once the road project is completed. Proceeds from the sale of the "remnant" property will be deposited back into the General Fund, helping to replenish reserves.

The other large one-time expense was the \$1.000 million deposited in an irrevocable trust established to address other pension liabilities related to the City's contract with the Public Employee Retirement System (CalPERS). The use of these reserves, which had previously been set-aside in the General Fund, will help address increasing pension costs. 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 pension (i.e., retirement) expenses.

CITY OF PICO RIVERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

These one-time expenses led to a net, one-time use of \$1.313 million in fund balance. Revenue was up \$5.692 million over the previous year. However, the majority of that increase was due to reimbursement from Metro for the purchase of the two private properties mentioned in the previous paragraph.

Looking ahead, the City Council approved a Fiscal Year 2018-19 General Fund operating budget with a \$264,000 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 2018-19 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 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.

CITY OF PICO RIVERA

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and investments	\$ 46,278,236	\$ 8,783,166	\$ 55,061,402
Restricted cash and investments:			
Cash and investments with fiscal agents	-	4,201,208	4,201,208
Escrow deposits	14,173	-	14,173
Receivables, net			
Accounts	984,670	3,044,639	4,029,309
Taxes	4,211,441	-	4,211,441
Interest	118,085	17,519	135,604
Internal balances	21,023,604	(21,023,604)	-
Inventories	-	24,005	24,005
Prepaid items	40,568	-	40,568
Long-term receivables	5,223,648	-	5,223,648
Land held for resale	600,000	-	600,000
Receivables from Successor Agency	14,933,276	24,415,119	39,348,395
Capital assets, not depreciated	133,225,885	24,520,078	157,745,963
Capital assets, depreciated, net	126,778,162	21,921,694	148,699,856
TOTAL ASSETS	353,431,748	65,903,824	419,335,572
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amount on refunding	1,934,999	-	1,934,999
Amounts related to OPEB	1,071,551	127,449	1,199,000
Amounts related to pension plans	6,374,524	966,938	7,341,462
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,381,074	1,094,387	10,475,461
LIABILITIES:			
Accounts payable	3,758,350	2,015,026	5,773,376
Accrued interest payable	350,833	247,865	598,698
Accrued liabilities	717,337	160,175	877,512
Deposits	552,824	648,275	1,201,099
Retention payable	101,402	17,402	118,804
Due to other agencies	5,633,959	-	5,633,959
Long-term liabilities:			
Due within one year	2,134,605	2,539,880	4,674,485
Due in more than one year	31,348,742	35,229,086	66,577,828
Net OPEB liability - due in more than one year	20,522,460	1,857,540	22,380,000
Net pension liability - due in more than one year	31,078,035	4,473,787	35,551,822
TOTAL LIABILITIES	96,198,547	47,189,036	143,387,583
DEFERRED INFLOWS OF RESOURCES:			
Amounts related to OPEB	22,008	1,992	24,000
Amounts related to pension plans	997,271	140,940	1,138,211
TOTAL DEFERRED INFLOWS OF RESOURCES	1,019,279	142,932	1,162,211
NET POSITION:			
Net investment in capital assets	230,499,724	33,236,723	263,736,447
Restricted for community development	5,682,653	-	5,682,653
Restricted for transportation	7,287,047	-	7,287,047
Restricted for low- and moderate-income housing	2,663,217	-	2,663,217
Restricted for other purposes	727,227	-	727,227
Unrestricted	18,735,128	(13,570,480)	5,164,648
TOTAL NET POSITION	\$ 265,594,996	\$ 19,666,243	\$ 285,261,239

See accompanying notes to financial statements.

CITY OF PICO RIVERA

STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 8,190,494	\$ 493,265	\$ 6,073,961	\$ -
Public safety	11,885,957	1,044,921	100,000	-
Public works	12,488,922	801,487	3,980,567	2,874,341
Parks and recreation	7,146,278	791,906	925,242	-
Health and welfare	5,311,548	198,238	77,560	-
Community development	4,407,647	1,196,287	5,521,256	-
Interest and fiscal charges	1,013,498	-	-	-
Total governmental activities	<u>50,444,344</u>	<u>4,526,104</u>	<u>16,678,586</u>	<u>2,874,341</u>
Business-Type activities:				
Water	8,382,375	9,802,992	-	-
Pico Rivera Innovative Municipal Energy	4,900,927	5,354,524	-	-
Sports arena	251,996	193,702	-	-
Golf	2,018,321	983,270	-	-
Total business-type activities	<u>15,553,619</u>	<u>16,334,488</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 65,997,963</u>	<u>\$ 20,860,592</u>	<u>\$ 16,678,586</u>	<u>\$ 2,874,341</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, as restated

Net position - end of year

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,623,268)	\$ -	\$ (1,623,268)
(10,741,036)	-	(10,741,036)
(4,832,527)	-	(4,832,527)
(5,429,130)	-	(5,429,130)
(5,035,750)	-	(5,035,750)
2,309,896	-	2,309,896
(1,013,498)	-	(1,013,498)
<u>(26,365,313)</u>	<u>-</u>	<u>(26,365,313)</u>
-	1,420,617	1,420,617
-	453,597	453,597
-	(58,294)	(58,294)
-	(1,035,051)	(1,035,051)
<u>-</u>	<u>780,869</u>	<u>780,869</u>
<u>(26,365,313)</u>	<u>780,869</u>	<u>(25,584,444)</u>
11,173,640	-	11,173,640
17,575,729	-	17,575,729
1,703,255	-	1,703,255
3,142,090	-	3,142,090
1,807,130	-	1,807,130
637,086	2,025,078	2,662,164
662,225	-	662,225
42,027	(42,027)	-
<u>36,743,182</u>	<u>1,983,051</u>	<u>38,726,233</u>
10,377,869	2,763,920	13,141,789
<u>255,217,127</u>	<u>16,902,323</u>	<u>272,119,450</u>
<u>\$ 265,594,996</u>	<u>\$ 19,666,243</u>	<u>\$ 285,261,239</u>

See accompanying notes to financial statements.

This page intentionally left blank.

CITY OF PICO RIVERA

DESCRIPTION OF MAJOR FUNDS

June 30, 2018

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.

Pico Rivera Innovative Municipal Energy (PRIME) Fund accounts for the operations of the City's Community Choice Aggregation Program, which allows residents to choose their electric power provider and the source of their electricity.

INTERNAL SERVICE FUND (NONMAJOR)

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, 2018

ASSETS	Special Revenue Funds		
	General	Housing Agency Section 8	Federal Grants
Cash and investments	\$ 31,151,742	\$ 675,325	\$ 19,158
Restricted cash and investments:			
Escrow deposits	-	14,173	-
Receivables:			
Accounts	154,460	-	343
Taxes	3,978,522	-	-
Interest	78,931	746	-
Due from other funds	4,674,542	-	-
Advance to other funds	18,260,812	-	-
Long-term receivables	-	-	-
Prepaid items	36,060	4,508	-
Land held for resale	-	-	-
Receivables from Successor Agency	13,041,334	-	-
	<u>\$ 71,376,403</u>	<u>\$ 694,752</u>	<u>\$ 19,501</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 3,064,866	\$ 2,198	\$ 122,181
Accrued liabilities	676,613	14,954	-
Due to other funds	176,000	36,595	640,570
Deposits	538,651	14,173	-
Retention payable	-	-	-
Due to other agencies	-	-	-
	<u>4,456,130</u>	<u>67,920</u>	<u>762,751</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	6,166,753	-	343
	<u>6,166,753</u>	<u>-</u>	<u>343</u>
FUND BALANCES (DEFICIT):			
Nonspendable	25,168,800	4,508	-
Restricted	-	622,324	-
Committed	9,665,400	-	-
Assigned	13,856,200	-	-
Unassigned	12,063,120	-	(743,593)
	<u>60,753,520</u>	<u>626,832</u>	<u>(743,593)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
	<u>\$ 71,376,403</u>	<u>\$ 694,752</u>	<u>\$ 19,501</u>

Capital Projects Fund Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 379,905	\$ 13,005,129	\$ 45,231,259
-	-	14,173
-	829,867	984,670
-	232,919	4,211,441
-	38,408	118,085
-	-	4,674,542
-	-	18,260,812
-	5,223,648	5,223,648
-	-	40,568
600,000	-	600,000
-	1,891,942	14,933,276
<u>\$ 979,905</u>	<u>\$ 21,221,913</u>	<u>\$ 94,292,474</u>

\$ 86,572	\$ 418,757	\$ 3,694,574
-	25,770	717,337
796,001	262,584	1,911,750
-	-	552,824
101,402	-	101,402
600,000	5,033,959	5,633,959
<u>1,583,975</u>	<u>5,741,070</u>	<u>12,611,846</u>

-	796,544	6,963,640
---	---------	-----------

-	-	25,173,308
-	14,944,490	15,566,814
-	-	9,665,400
-	-	13,856,200
(604,070)	(260,191)	10,455,266

<u>(604,070)</u>	<u>14,684,299</u>	<u>74,716,988</u>
------------------	-------------------	-------------------

<u>\$ 979,905</u>	<u>\$ 21,221,913</u>	<u>\$ 94,292,474</u>
-------------------	----------------------	----------------------

See accompanying notes to financial statements.

This page intentionally left blank.

CITY OF PICO RIVERA

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

June 30, 2018

Fund balances (deficits) for governmental funds		\$ 74,716,988
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	\$ 392,523,919	
Less accumulated depreciation	<u>(132,519,872)</u>	260,004,047
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.		6,963,640
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.		983,201
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	\$ (993,025)	
Claims payable	(1,051,000)	
Accrued interest payable	(350,833)	
Revenue bonds payable	(31,439,322)	
Deferred amount on refunding	<u>1,934,999</u>	(31,899,181)
Pension and OPEB 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 and OPEB 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 related to OPEB	\$ 1,071,551	
Deferred inflows of resources related to OPEB	(22,008)	
Net OPEB liability	(20,522,460)	
Deferred outflows of resources related to pensions	6,374,524	
Deferred inflows of resources related to pensions	(997,271)	
Net pension liability	<u>(31,078,035)</u>	<u>(45,173,699)</u>
Net position of governmental activities		<u><u>\$ 265,594,996</u></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, 2018

	General	Special Revenue Funds	
		Housing Agency Section 8	Federal Grants
REVENUES:			
Taxes and assessments	\$ 32,299,794	\$ -	\$ -
Licenses and permits	2,960,639	-	-
Intergovernmental	208,688	4,994,594	1,261,658
Charges for services	1,470,114	-	-
Fines, forfeitures, and penalties	1,002,532	-	-
Investment and rental	332,353	2,826	-
Miscellaneous	5,324,467	61,454	-
TOTAL REVENUES	43,598,587	5,058,874	1,261,658
EXPENDITURES:			
Current:			
General government	12,732,924	-	-
Public safety	11,851,116	-	-
Public works	9,989,954	-	901,954
Parks and recreation	5,177,249	-	-
Health and welfare	-	5,056,748	-
Community development	3,233,811	-	-
Capital outlay	-	-	-
Debt service:			
Principal	865,000	-	-
Interest and fiscal charges	1,061,150	-	-
TOTAL EXPENDITURES	44,911,204	5,056,748	901,954
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,312,617)	2,126	359,704
OTHER FINANCING SOURCES (USES):			
Transfers in	2,229,692	-	-
Transfers out	(506,623)	-	(401,835)
TOTAL OTHER FINANCING SOURCES (USES)	1,723,069	-	(401,835)
NET CHANGE IN FUND BALANCES	410,452	2,126	(42,131)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	60,343,068	624,706	(701,462)
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 60,753,520	\$ 626,832	\$ (743,593)

See accompanying notes to financial statements.

Capital Projects Fund Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,267,586	\$ 35,567,380
-	-	2,960,639
-	6,968,074	13,433,014
-	380,916	1,851,030
-	-	1,002,532
-	477,597	812,776
-	207,438	5,593,359
-	11,301,611	61,220,730
-	205,372	12,938,296
-	6,155	11,857,271
-	3,203,443	14,095,351
-	945,416	6,122,665
-	254,800	5,311,548
-	1,133,955	4,367,766
1,547,832	-	1,547,832
-	-	865,000
-	-	1,061,150
1,547,832	5,749,141	58,166,879
(1,547,832)	5,552,470	3,053,851
989,411	90,763	3,309,866
-	(2,859,381)	(3,767,839)
989,411	(2,768,618)	(457,973)
(558,421)	2,783,852	2,595,878
(45,649)	11,900,447	72,121,110
\$ (604,070)	\$ 14,684,299	\$ 74,716,988

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, 2018

Net change in fund balances - total governmental funds		\$ 2,595,878
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	\$ 12,613,043	
Depreciation expense	<u>(6,996,669)</u>	5,616,374
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	\$ 118,474	
Grant revenue not available to pay for current-period expenditures	<u>(559,018)</u>	(440,544)
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:		
Net change in claims payable	\$ (1,051,000)	
Net change in compensated absences	<u>(248,674)</u>	(1,299,674)
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	\$ 865,000	
Change in accrued interest	<u>47,652</u>	912,652
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.		
		296,045
OPEB expense reported in the governmental funds includes the insurance premium paid. In the Statement of Activities, OPEB expense includes the change in the OPEB liability, and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.		
		3,857,397
Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.		
		<u>(1,160,259)</u>
Change in net position of governmental activities:		<u>\$ 10,377,869</u>

CITY OF PICO RIVERA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Water Operations	Pico Rivera Innovative Municipal Energy	Other Funds	Total	Activities Equipment Replacement Internal Service Fund
ASSETS:					
CURRENT ASSETS:					
Cash and investments	\$ 7,439,125	\$ 988,265	\$ 355,776	\$ 8,783,166	\$ 1,046,977
Receivables, net:					
Accounts	1,351,002	1,693,512	125	3,044,639	-
Interest	16,969	-	550	17,519	-
Due from other funds	176,000	-	-	176,000	-
Inventories, at cost	-	-	24,005	24,005	-
TOTAL CURRENT ASSETS	8,983,096	2,681,777	380,456	12,045,329	1,046,977
NONCURRENT ASSETS:					
Restricted cash and investments with fiscal agent	4,001,208	200,000	-	4,201,208	-
Receivables from Successor Agency	24,415,119	-	-	24,415,119	-
Capital assets, not depreciated	24,477,765	-	42,313	24,520,078	-
Capital assets, depreciated, net	21,370,779	-	550,915	21,921,694	-
TOTAL NONCURRENT ASSETS	74,264,871	200,000	593,228	75,058,099	-
TOTAL ASSETS	83,247,967	2,881,777	973,684	87,103,428	1,046,977
DEFERRED OUTFLOWS OF RESOURCES:					
Amounts related to OPEB	99,517	27,932	-	127,449	-
Amount related to pensions	918,625	43,914	4,399	966,938	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,018,142	71,846	4,399	1,094,387	-
LIABILITIES:					
CURRENT LIABILITIES:					
Accounts payable	437,149	1,251,816	326,061	2,015,026	63,776
Accrued interest payable	247,865	-	-	247,865	-
Accrued liabilities	67,890	77,712	14,573	160,175	-
Due to other funds	-	1,170,498	1,768,294	2,938,792	-
Deposits	630,378	-	17,897	648,275	-
Retentions payable	17,402	-	-	17,402	-
Bonds payable - current portion	2,525,000	-	-	2,525,000	-
Compensated absences - current portion	14,880	-	-	14,880	-
TOTAL CURRENT LIABILITIES	3,940,564	2,500,026	2,126,825	8,567,415	63,776
NONCURRENT LIABILITIES:					
Advance from other funds	18,260,812	-	-	18,260,812	-
Bonds payable	35,095,168	-	-	35,095,168	-
Compensated absences	133,918	-	-	133,918	-
Net OPEB liability	1,857,540	-	-	1,857,540	-
Net pension liability	4,452,466	-	21,321	4,473,787	-
TOTAL NONCURRENT LIABILITIES	59,799,904	-	21,321	59,821,225	-
TOTAL LIABILITIES	63,740,468	2,500,026	2,148,146	68,388,640	63,776
DEFERRED INFLOWS OF RESOURCES:					
Amounts related to OPEB	1,992	-	-	1,992	-
Amounts related to pensions	140,268	-	672	140,940	-
TOTAL DEFERRED INFLOWS OF RESOURCES	142,260	-	672	142,932	-
NET POSITION:					
Net investment in capital assets	32,643,495	-	593,228	33,236,723	-
Unrestricted	(12,260,114)	453,597	(1,763,963)	(13,570,480)	983,201
TOTAL NET POSITION	\$ 20,383,381	\$ 453,597	\$ (1,170,735)	\$ 19,666,243	\$ 983,201

CITY OF PICO RIVERA

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

For the year ended June 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Water Operations	Pico Rivera Innovative Municipal Energy	Other Funds	Total	Equipment Replacement Internal Service Fund
OPERATING REVENUES:					
Charges for services	\$ 9,721,487	\$ 5,308,885	\$ 1,176,972	\$ 16,207,344	\$ -
Miscellaneous	81,505	45,639	-	127,144	-
TOTAL OPERATING REVENUES	9,802,992	5,354,524	1,176,972	16,334,488	-
OPERATING EXPENSES:					
Cost of power	-	3,691,911	-	3,691,911	-
Salaries and benefits	1,557,725	206,117	29,423	1,793,265	-
Contractual services	165,506	690,640	242,355	1,098,501	-
Insurance claims and expenses	278,242	-	357	278,599	-
Administrative	2,421,328	290,769	1,537,630	4,249,727	-
Utilities	212,575	-	277,824	490,399	-
Repairs and maintenance	730,990	21,490	75,445	827,925	203,955
Depreciation	704,534	-	107,283	811,817	-
TOTAL OPERATING EXPENSES	6,070,900	4,900,927	2,270,317	13,242,144	203,955
OPERATING INCOME (LOSS)	3,732,092	453,597	(1,093,345)	3,092,344	(203,955)
NONOPERATING REVENUES (EXPENSES):					
Investment income	2,022,475	-	2,603	2,025,078	-
Interest expense	(2,311,475)	-	-	(2,311,475)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(289,000)	-	2,603	(286,397)	-
INCOME (LOSS) BEFORE TRANSFERS	3,443,092	453,597	(1,090,742)	2,805,947	(203,955)
TRANSFERS IN	-	-	-	-	500,000
TRANSFERS OUT	(42,027)	-	-	(42,027)	-
CHANGES IN NET POSITION	3,401,065	453,597	(1,090,742)	2,763,920	296,045
NET POSITION - BEGINNING OF YEAR, AS RESTATED	16,982,316	-	(79,993)	16,902,323	687,156
NET POSITION - END OF YEAR	\$ 20,383,381	\$ 453,597	\$ (1,170,735)	\$ 19,666,243	\$ 983,201

See accompanying notes to financial statements.

CITY OF PICO RIVERA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Water Operations	Pico Rivera Innovative Municipal Energy	Other Funds	Total	Activities Equipment Replacement Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 9,791,609	\$ 3,661,012	\$ 1,527,015	\$ 14,979,636	\$ -
Payments to suppliers	(3,979,713)	(3,442,994)	(2,157,203)	(9,579,910)	(258,803)
Payments to employees	(1,713,396)	(200,251)	(28,772)	(1,942,419)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	4,098,500	17,767	(658,960)	3,457,307	(258,803)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Proceeds from receivable from Successor Agency	1,510,000	-	-	1,510,000	-
Cash paid to other funds	(42,027)	-	-	(42,027)	-
Cash received from other funds	-	1,170,498	598,374	1,768,872	500,000
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,467,973	1,170,498	598,374	3,236,845	500,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(468,452)	-	-	(468,452)	-
Principal retired	(2,380,000)	-	-	(2,380,000)	-
Interest paid	(2,439,667)	-	-	(2,439,667)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(5,288,119)	-	-	(5,288,119)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	2,031,966	-	2,850	2,034,816	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,310,320	1,188,265	(57,736)	3,440,849	241,197
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	9,130,013	-	413,512	9,543,525	805,780
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 11,440,333	\$ 1,188,265	\$ 355,776	\$ 12,984,374	\$ 1,046,977

(Continued)

CITY OF PICO RIVERA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (CONTINUED)

For the year ended June 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Water Operations	Pico Rivera Innovative Municipal Energy	Other Funds	Total	Activities Equipment Replacement Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 3,732,092	\$ 453,597	\$ (1,093,345)	\$ 3,092,344	\$ (203,955)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	704,534	-	107,283	811,817	-
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
(Increase) decrease in accounts receivables	(21,583)	(1,693,512)	350,043	(1,365,052)	-
(Increase) decrease in deferred outflows of resources - amount related to OPEB	(99,517)	(27,932)	-	(127,449)	-
(Increase) decrease in deferred outflows of resources - amount related to pensions	(165,793)	(43,914)	(794)	(210,501)	-
Increase (decrease) in accounts payable	(171,072)	1,251,816	(4,153)	1,076,591	(54,848)
Increase (decrease) in accrued liabilities	2,446	77,712	(33,176)	46,982	-
Increase (decrease) in deposits payable	10,200	-	13,614	23,814	-
Increase (decrease) in retentions payable	-	-	-	-	-
Increase (decrease) in net OPEB liability	(254,146)	-	-	(254,146)	-
Increase (decrease) in net pension liability	375,333	-	1,798	377,131	-
Increase (decrease) in compensated absences	32,147	-	-	32,147	-
Increase (decrease) in deferred inflows of resources - amounts related to OPEB	1,992	-	-	1,992	-
Increase (decrease) in deferred inflows of resources - amounts related to pensions	(48,133)	-	(230)	(48,363)	-
TOTAL ADJUSTMENTS	366,408	(435,830)	434,385	364,963	(54,848)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 4,098,500	\$ 17,767	\$ (658,960)	\$ 3,457,307	\$ (258,803)

See accompanying notes to financial statements.

CITY OF PICO RIVERA

DESCRIPTION OF FIDUCIARY FUNDS

June 30, 2018

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.

Pension Trust Fund accounts for the City's Section 115 Trust Fund used to pre-fund the City's employee pension plan.

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. The Assessment District 95-1 Improvement Agency Fund was closed during fiscal year ended June 30, 2018.

CITY OF PICO RIVERA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2018

	Successor Agency to the City of Pico Rivera Redevelopment Agency Private-Purpose Trust Fund	Pension Trust Fund	Agency Funds
	<u>Trust Fund</u>	<u>Trust Fund</u>	<u>Agency Funds</u>
ASSETS:			
Cash and investments	\$ 4,077,204	\$ -	\$ -
Restricted cash and investments:			
Cash and investments with fiscal agents	122,569	1,003,415	-
Accounts receivable	1,026	-	-
Interest receivable	7,553	-	-
Loans receivable	360,830	-	-
Land held for resale	587,610	-	-
Capital assets:			
Capital assets, not depreciated	258,023	-	-
Capital assets, depreciated, net	75,711	-	-
	<u>5,490,526</u>	<u>1,003,415</u>	<u>\$ -</u>
TOTAL ASSETS			
LIABILITIES:			
Accounts payable	\$ 995	\$ -	\$ -
Accrued liabilities	1,558	-	-
Payable to City of Pico Rivera	45,567,602	-	-
Payable to Pico Rivera Housing Assistance Agency	1,891,942	-	-
Payable to City of Pico Rivera Water Authority	24,476,688	-	-
Payable to the County of Los Angeles	47,227,151	-	-
	<u>119,165,936</u>	<u>-</u>	<u>\$ -</u>
TOTAL LIABILITIES			
NET POSITION:			
Held in trust for Successor Agency	(113,675,410)	-	
Net position restricted for pensions	<u>-</u>	<u>1,003,415</u>	
	<u>\$ (113,675,410)</u>	<u>\$ 1,003,415</u>	
TOTAL NET POSITION			

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, 2018

	Successor Agency to the City of Pico Rivera Redevelopment Agency Private-Purpose Trust Fund	Pension Trust Fund
	<u> </u>	<u> </u>
ADDITIONS:		
Taxes	\$ 3,539,571	\$ -
Employer contributions	-	1,000,000
Investment earnings	28,942	3,415
	<u>3,568,513</u>	<u>1,003,415</u>
TOTAL ADDITIONS		
DEDUCTIONS:		
Administrative expenses	199,172	-
Interest	3,098,835	-
Depreciation	4,761	-
	<u>3,302,768</u>	<u>-</u>
TOTAL DEDUCTIONS		
CHANGE IN NET POSITION	265,745	1,003,415
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>(113,941,155)</u>	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ (113,675,410)</u>	<u>\$ 1,003,415</u>

See accompanying notes to financial statements.

This page intentionally left blank.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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.

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.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of the Reporting Entity (Continued)

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.

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.

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.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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, a Pension Trust Fund and Agency Funds. The Private-Purpose Trust Fund and Pension Trust Fund are reported using the “economic resources measurement focus” and the “accrual basis of accounting.” The Agency Fund has no measurement focus but utilize the “accrual basis of accounting” for reporting their assets and liabilities. The Agency Fund was closed during the current year.

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, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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.

The Pico Rivera Innovative Municipal Energy (PRIME) Fund accounts for the operations of the City's Community Choice Aggregation Program, which allows residents to choose their electric power provider and the source of their electricity.

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.

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

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Pension Trust Fund accounts for the City's Section 115 Trust Fund used to pre-fund the City's employee pension plan, which is administered by Public Agency Retirement Services (PARS).

Agency Fund accounts for assets held by the City as an agent for a bonded assessment district. This agency fund was closed during the current year.

D. New Accounting Pronouncements

Current Year Standards

In fiscal year 2017-2018, the City implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this statement decreased the net position at July 1, 2017 of the governmental and business-type activities by \$8,372,616 and \$2,111,686, respectively.

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, and did not impact the City.

GASB 85 - Omnibus 2017, effective for periods beginning after June 15, 2017, and did not impact the City.

GASB 86 - Certain Debt Extinguishment Issues, effective for periods beginning after June 15, 2017, and did not impact the City.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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 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 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

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.

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.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

I. Inventories and Prepaid Items

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

When payments to vendors reflect costs applicable to future accounting periods, they are recorded as prepaid items and the expense is recorded using the consumption method.

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 acquisition 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.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

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

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, 2018. 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, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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 five 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. The fifth item is the deferred outflow related to employer contributions made to the OPEB plan after the measurement date of the net OPEB liability.

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 four 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. The fourth item is a deferred inflow related to OPEB resulting from the difference in projected and actual earnings on investments of the OPEB plan fiduciary net position. These amounts are amortized over five years.

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.

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.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the City's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. 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.

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.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balances (Continued)

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.

S. 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."

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.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. 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.

U. 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.

2. CASH AND INVESTMENTS

Cash and Investments

Cash and investments at June 30, 2018, are classified in the accompanying financial statements as follows:

	Government Wide <u>Statement of Net Position</u>	Fiduciary Funds <u>Statement of Net Position</u>	<u>Total</u>
Unrestricted assets:			
Cash and investments	\$ 55,061,402	\$ 4,077,204	\$ 59,138,606
Restricted cash and investments:			
Cash and investments with fiscal agents	4,201,208	1,125,984	5,327,192
Escrow deposits	<u>14,173</u>	<u>-</u>	<u>14,173</u>
 Total cash and investments	 <u>\$ 59,276,783</u>	 <u>\$ 5,203,188</u>	 <u>\$ 64,479,971</u>

Cash and investments at June 30, 2018, consisted of the following:

Cash on hand	\$ 9,675
Deposits with financial institutions	6,373,904
Investments	<u>58,096,392</u>
 Total cash and investments	 <u>\$ 64,479,971</u>

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed*	Maximum Investment in One Issuer
US Treasury Obligations	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.

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.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by 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:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25 -60 Months	
Local Agency Investment Fund	\$ 32,906,247	\$ -	\$ -	\$ 32,906,247
U.S. Government Sponsored				
Agency Securities	495,881	3,070,494	4,640,014	8,206,389
U.S. Treasury Notes	3,336,496	1,475,469	1,802,838	6,614,803
Money Market Mutual Funds	72,224	-	-	72,224
Negotiable CD	2,352,411	-	-	2,352,411
Commercial Paper	1,095,099	-	-	1,095,099
Medium-Term Notes	-	-	1,722,027	1,722,027
Held by Fiscal Agent:				
Money Market Mutual Funds	4,123,777	-	-	4,123,777
PARS Trust Pooled Investments	1,003,415	-	-	1,003,415
Total	<u>\$ 45,385,550</u>	<u>\$ 4,545,963</u>	<u>\$ 8,164,879</u>	<u>\$ 58,096,392</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:

Investment Type	Minimum Legal Rating	Total as of 30-Jun-18	Rating as of Fiscal Year End				Not Rated
			AAA	AA+	AA	Other	
Local Agency Investment Fund	N/A	\$ 32,906,247	\$ -	\$ -	\$ -	\$ -	\$ 32,906,247
U.S. Government Sponsored							
Agency Securities	N/A	8,206,389	397,665	7,808,723	-	-	-
U.S. Treasury Notes*	N/A	6,614,803	-	-	-	-	-
Money Market Mutual Funds	N/A	72,224	72,224	-	-	-	-
Negotiable CD	N/A	2,352,411	-	-	-	2,352,411	-
Commercial Paper	A	1,095,099	-	1,095,099	-	-	-
Medium-Term Notes	A	1,722,027	492,317	-	216,067	1,013,644	-
Held by Fiscal Agent:							
Money Market Mutual Funds	N/A	4,123,777	4,123,777	-	-	-	-
PARS Trust Pooled Investments	N/A	1,003,415	-	-	-	-	1,003,415
Total		<u>\$ 58,096,392</u>	<u>\$ 5,085,983</u>	<u>\$ 8,903,822</u>	<u>\$ 216,067</u>	<u>\$ 3,366,055</u>	<u>\$ 33,909,662</u>

* U.S. Treasury Notes are not required to be rated.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk (Continued)

The ratings for the “Other” category above are as follows:

Investment Type	Total as of 30-Jun-18	Rating as of Fiscal Year End			
		AA-	A+	A	A-
Negotiable CD	\$ 2,352,411	\$ -	\$ 1,603,644	\$ 748,767	\$ -
Medium-Term Notes	1,013,644	261,915	-	506,135	245,594
	<u>\$ 3,366,055</u>	<u>\$ 261,915</u>	<u>\$ 1,603,644</u>	<u>\$ 1,254,902</u>	<u>\$ 245,594</u>

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, 2018, 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, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

2. CASH AND INVESTMENTS (CONTINUED)

Cash and Investments - Pension Trust:

The City established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the City’s pension plans. The Pension Trust’s specific cash and investments are managed by a third-party portfolio manager and invested under a pool arrangement using certain investment guidelines offered by PARS and approved by the City.

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.

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Held by Trustee:				
Negotiable CD	\$ -	\$ 2,352,411	\$ -	\$ 2,352,411
Commercial Paper	-	1,095,099	-	1,095,099
Medium-Term Notes	-	1,722,027	-	1,722,027
US Treasury Notes	-	6,614,803	-	6,614,803
US Government Sponsored Agency Securities	-	8,206,389	-	8,206,389
Total Leveled Investments	\$ -	\$ 19,990,729	\$ -	19,990,729
Investments not Subject to Fair Value Hierarchy:				
State Investment Pool				32,906,247
Money Market Mutual Funds				72,224
Held by Trustee:				
Money Market Mutual Funds				4,123,777
PARS Trust Pooled Investments				1,003,415
Total Investment Portfolio				\$ 58,096,392

The City’s investments in LAIF, money market mutual funds, and PARS trust pooled investments are not subject to the fair value hierarchy.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

3. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2018, is as follows:

Advances To/From Other Funds

Advances to Other Funds	Advances from Other Funds	Amount
General Fund	Water Operations Enterprise Fund	\$ 18,260,812

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 2017-18. The balance of the advance at June 30, 2018, 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.

Due To/From Other Funds

The composition of interfund balances as of June 30, 2018, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Housing Agency Section 8 Special Revenue Fund	\$ 36,595
	Federal Grants Special Revenue Fund	640,570
	Capital Improvement Capital Projects Fund	796,001
	Other Governmental Funds	262,584
	PRIME Fund	1,170,498
	Other Enterprise Funds	1,768,294
Water Operations Enterprise Fund	General Fund	176,000
		<u>\$ 4,850,542</u>

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

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Equipment Replacement Internal Service Fund (1)	\$ 500,000
	Capital Improvement Capital Projects Fund (2)	6,623
Federal Grants Special Revenue Fund	Capital Improvement Capital Projects Fund (2)	401,835
Water Operations Enterprise Fund	Capital Improvement Capital Projects Fund (2)	42,000
	General Fund	27
Other Governmental Funds	General Fund (3) (4) (5)	2,229,665
	Capital Improvement Capital Projects Fund (2)	538,953
	Other Governmental Funds (6)	<u>90,763</u>
		<u>\$ 3,809,866</u>

- (1) To reimburse the equipment replacement internal service fund for equipment purchases.
- (2) 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.
- (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.
- (6) There was a one-time transfer from the Economic Development Assistance Grant Fund to Flossmoor Road Sewer Assessment District Capital Projects Fund to close out the duplicate account.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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 outstanding principal balance at June 30, 2018, is \$3,309,127 and is included in the HOME Grant Special Revenue Fund. At June 30, 2018, the City has an allowance of \$789,328 against the outstanding interest receivable related to these loans, as the City cannot ensure the collectability of this balance.

- 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. The outstanding principal balance at June 30, 2018, totaled \$209,345. At June 30, 2018, the City has an allowance of \$50,921 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 outstanding principal balance at June 30, 2018, is \$1,418,126. At June 30, 2018, the City has an allowance of \$154,829 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 \$81,999 allowance, at June 30, 2018, were zero.

- E. Loan receivable from a restaurant group, which was offered as a bridge loan for the purposes of establishing an upscale restaurant in the City. The loan amount of \$287,050 bears interest at the rate of 3 percent per annum. The loan matures on the earlier of (a) 45 days after the borrower requested disbursement of the allowance in accordance with a lease agreement, (b) 45 days after the borrower has delivered all required documentation as outlined in the lease agreement, or (c) 365 days from the commencement date. The outstanding principal balance at June 30, 2018, is \$287,050.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

4. LONG-TERM RECEIVABLES (CONTINUED)

F. 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	\$ 17,388,447	\$ -	\$ 246,275
Sales tax deferral loan to allow former redevelopment Agency to meet its debt service obligations	28,179,154	-	-
Loans to make payments to Supplemental Educational Revenue Augmentation Fund	-	1,891,942	-
Purchase of former Redevelopment Agency's Tax Allocation Bonds, Series 2001 treated as a loan	-	-	24,230,414
Subtotal	45,567,601	1,891,942	24,476,689
Reserve on long-term loans	(4,347,113)	-	(61,570)
Reserve on sales tax deferral loan	(28,179,154)	-	-
Total	<u>\$ 13,041,334</u>	<u>\$ 1,891,942</u>	<u>\$ 24,415,119</u>

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

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

Governmental Activities

	Balance at July 1, 2017	Additions	Deletions	Transfers of Construction In Progress	Balance at June 30, 2018
Capital assets, not being depreciated:					
Land	\$ 118,849,013	\$ -	\$ -	\$ -	\$ 118,849,013
Construction in progress	10,481,098	8,212,077	-	(4,316,303)	14,376,872
Total capital assets, not being depreciated	<u>129,330,111</u>	<u>8,212,077</u>	<u>-</u>	<u>(4,316,303)</u>	<u>133,225,885</u>
Capital assets, being depreciated:					
Structures and improvements	21,445,150	4,131,775	-	-	25,576,925
Furniture and equipment	6,291,096	269,191	-	-	6,560,287
Infrastructure	222,844,519	-	-	4,316,303	227,160,822
Total capital assets, being depreciated	<u>250,580,765</u>	<u>4,400,966</u>	<u>-</u>	<u>4,316,303</u>	<u>259,298,034</u>
Less accumulated depreciation for:					
Structures and improvements	(10,231,790)	(578,429)	-	-	(10,810,219)
Furniture and equipment	(4,917,486)	(511,759)	-	-	(5,429,245)
Infrastructure	(110,373,927)	(5,906,481)	-	-	(116,280,408)
Total accumulated depreciation	<u>(125,523,203)</u>	<u>(6,996,669)</u>	<u>-</u>	<u>-</u>	<u>(132,519,872)</u>
Total capital assets, being depreciated, net	<u>125,057,562</u>	<u>(2,595,703)</u>	<u>-</u>	<u>4,316,303</u>	<u>126,778,162</u>
Governmental activities capital assets, net	<u>\$ 254,387,673</u>	<u>\$ 5,616,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,004,047</u>

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

General government	\$ 439,391
Public safety	28,686
Public works	5,465,098
Parks and recreation	1,023,613
Community development	<u>39,881</u>
Total depreciation expense governmental activities	<u>\$ 6,996,669</u>

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

5. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2018, was as follows:

Business-Type Activities

	Balance at July 1, 2017	Additions	Deletions	Transfers of Construction In Progress	Balance at June 30, 2018
Capital assets, not being depreciated:					
Land	\$ 18,174,060	\$ -	\$ -	\$ -	\$ 18,174,060
Rights of way	5,579,916	-	-	-	5,579,916
Construction in progress	2,003,410	468,452	-	(1,705,760)	766,102
Total capital assets, not being depreciated	25,757,386	468,452	-	(1,705,760)	24,520,078
Capital assets, being depreciated:					
Structures and improvements	5,013,838	-	-	-	5,013,838
Utility plant in service	21,785,673	-	-	-	21,785,673
Equipment	995,023	-	-	-	995,023
Infrastructure	13,361,706	-	-	1,705,760	15,067,466
Total capital assets, being depreciated	41,156,240	-	-	1,705,760	42,862,000
Less accumulated depreciation for:					
Structures and improvements	(3,731,799)	(117,633)	-	-	(3,849,432)
Utility plant in service	(6,537,401)	(367,626)	-	-	(6,905,027)
Equipment	(980,755)	(8,954)	-	-	(989,709)
Infrastructure	(8,878,534)	(317,604)	-	-	(9,196,138)
Total accumulated depreciation	(20,128,489)	(811,817)	-	-	(20,940,306)
Total capital assets, being depreciated, net	21,027,751	(811,817)	-	1,705,760	21,921,694
Business-type activities capital assets, net	\$ 46,785,137	\$ (343,365)	\$ -	\$ -	\$ 46,441,772

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

5. CAPITAL ASSETS (CONTINUED)

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

Water Operations	\$ 704,534
Sports Arena	78,673
Golf Course	<u>28,610</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 811,817</u></u>

6. LONG-TERM LIABILITIES

Changes in long-term liabilities activity for the year ended June 30, 2018, was as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018	Due Within One Year	Due in More Than One Year
Governmental Activities:						
2016 Lease Revenue						
Bonds	\$ 29,490,000	\$ -	\$ (865,000)	\$ 28,625,000	\$ 885,000	\$ 27,740,000
Bond premium	2,948,350	-	(134,028)	2,814,322	-	2,814,322
Subtotal revenue						
bonds payable	32,438,350	-	(999,028)	31,439,322	885,000	30,554,322
Compensated absences	744,351	248,674	-	993,025	198,605	794,420
Claims and judgements (Note 11)	-	1,122,309	(71,309)	1,051,000	1,051,000	-
 Total governmental activities	 <u>\$ 33,182,701</u>	 <u>\$ 1,370,983</u>	 <u>\$ (1,070,337)</u>	 <u>\$ 33,483,347</u>	 <u>\$ 2,134,605</u>	 <u>\$ 31,348,742</u>
Business-type activities:						
Revenue bonds payable	\$ 39,900,000	\$ -	\$ (2,380,000)	\$ 37,520,000	\$ 2,525,000	\$ 34,995,000
Add (Less):						
Bond premium	471,656	-	(39,858)	431,798	-	431,798
Bond discount	(358,337)	-	26,707	(331,630)	-	(331,630)
Subtotal revenue						
bonds payable	40,013,319	-	(2,393,151)	37,620,168	2,525,000	35,095,168
Compensated absences	116,651	32,147	-	148,798	14,880	133,918
 Total business-type activities	 <u>\$ 40,129,970</u>	 <u>\$ 32,147</u>	 <u>\$ (2,393,151)</u>	 <u>\$ 37,768,966</u>	 <u>\$ 2,539,880</u>	 <u>\$ 35,229,086</u>

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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 \$993,025 at June 30, 2018, 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. 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.

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

Year Ending June 30,	Principal	Interest	Total
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	995,000	926,250	1,921,250
2024 - 2028	5,485,000	4,110,975	9,595,975
2029 - 2033	6,520,000	3,016,556	9,536,556
2034 - 2038	8,255,000	1,265,006	9,520,006
2039 - 2040	3,705,000	111,975	3,816,975
	<u>\$ 28,625,000</u>	<u>\$ 13,461,337</u>	<u>\$ 42,086,337</u>

Business-Type Activities

A. Compensated Absences

The City’s policies relating to compensated absences are described in Note 1M. The liability amount of \$148,798 at June 30, 2018, is expected to be paid in future years from future resources.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

6. LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

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	199A	3.25% - 5.5%	\$ 17,940	\$ 13,250	May 2029
Water Authority	2001	5.75% - 6.25%	40,710	24,270	December 2032
			<u>\$ 58,650</u>	<u>\$ 37,520</u>	

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

Water Authority Revenue Bonds, Series 1999 A:

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, 2018, is \$600,000.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

6. LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

B. Lease Revenue Bonds (Continued)

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

Year Ending June 30,	Principal	Interest	Total
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	1,125,000	511,775	1,636,775
2024 - 2028	6,630,000	1,392,600	8,022,600
2029	1,550,000	251,350	1,801,350
	<u>\$ 13,250,000</u>	<u>\$ 4,759,425</u>	<u>\$ 18,009,425</u>

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, 2018, amounted to \$2,339,036 and \$600,000, 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 2018 was 1.82, which is greater than the required 1.25.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

6. LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

B. Lease Revenue Bonds (Continued)

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

Year Ending June 30,	Principal	Interest	Total
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	2,060,000	1,009,063	3,069,063
2024 - 2028	9,685,000	3,127,344	12,812,344
2029 - 2033	5,430,000	889,063	6,319,063
	<u>\$ 24,270,000</u>	<u>\$ 10,240,002</u>	<u>\$ 34,510,002</u>

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:

Gross Revenue	Less: Purchased Security Revenue (1)	Less: Direct Costs (2)	Less 1999 Debt Service Payments	Secured Revenue (3)	Plus: Rate Stabilization Fund	Total Pledged Subordinate Net Revenues and Security Revenues	2001 Bonded Debt Service Payments	Coverage
\$ 11,825,467	\$ (2,022,475)	\$ (6,483,639)	\$ (1,636,050)	\$ 3,334,900	\$ 600,000	\$ 5,618,203	\$ 3,084,375	1.82

- (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

Various claims and lawsuits are pending against the City. Although the outcome of these claims and lawsuits is not presently determinable, in the opinion of the City's management, on advice of legal counsel, it is unlikely that they will have a material adverse effect on the accompanying financial statements.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

7. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

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. Payments made to this employer for the year ended June 30, 2018 totaled \$324,668.

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, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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, 2018, 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:			
Normal cost rate	8.754%	8.754%	8.754%
Payment of unfunded liability	\$ 2,016,582	\$ -	\$ -

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

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.

The Council Plan provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>Council Plan</u>
Hire date	Prior to January 1, 2013
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	0.0%
Required employer contribution rates	33.6%

Employees Covered

At the actuarial valuation date, 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	236	3
Inactive employees entitled to but		
not yet receiving benefits	124	-
Active employees	126	5
	<hr/>	<hr/>
Total	<u>486</u>	<u>8</u>

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

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 requirements are classified as plan member contributions. The Council Plan only requires employer contributions equal to an actuarially determined rate.

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, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The net pension liability of the Council Plan is measured as of June 30, 2018, using an actuarial valuation date of June 30, 2017. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2016, actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Council Plan</u>
Valuation Date	June 30, 2016	June 30, 2017
Measurement Date	June 30, 2017	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	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.

All other actuarial assumptions used in the June 30, 2016, Miscellaneous 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

In fiscal year 2017-2018, the financial reporting discount rate on the Miscellaneous Plan was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

There were no changes in the assumptions in the current year for the Council Plan.

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Miscellaneous Plan and 6.5% for the Council Plan and reflects the long-term expected rate of return for the each Plan net of investment expenses and without reduction for administrative expenses. 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 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% 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.

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.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

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	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-4.00%	-0.90%
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.

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	2.65%	0.31%	0.31%
US Core Fixed Income	36.64%	2.14%	2.02%
US Equity Market	44.16%	4.59%	3.32%
Foreign Developed Equity	10.67%	5.52%	3.91%
Emerging Markets Equity	4.22%	7.82%	4.59%
Emerging Markets Equity	1.66%	5.04%	3.27%
Total	100.00%		

(a) An expected inflation of 1.85% used in calculating the long-term expected rate of return.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

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, 2016 (Measurement Date)	<u>\$ 96,554,312</u>	<u>\$ 64,015,344</u>	<u>\$ 32,538,968</u>
Changes in the Year:			
Service cost	1,660,852	-	1,660,852
Interest on the total pension liability	7,124,315	-	7,124,315
Differences between expected and actual experience	(1,258,219)	-	(1,258,219)
Changes in assumptions	5,943,062	-	5,943,062
Plan-to-plan resource movement	-	-	-
Contribution - employer	-	2,552,475	(2,552,475)
Contribution - employee	-	741,941	(741,941)
Net investment income	-	7,274,632	(7,274,632)
Administrative expenses	-	(94,514)	94,514
Benefit payments, including refunds of employee contributions	<u>(4,857,602)</u>	<u>(4,857,602)</u>	<u>-</u>
Net Changes	<u>8,612,408</u>	<u>5,616,932</u>	<u>2,995,476</u>
Balance at June 30, 2017 (Measurement Date)	<u>\$ 105,166,720</u>	<u>\$ 69,632,276</u>	<u>\$ 35,534,444</u>

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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, 2017 (Measurement Date)	\$ 180,884	\$ 137,230	\$ 43,654
Changes in the Year:			
Service cost	6,533	-	6,533
Interest on the total pension liability	11,848	-	11,848
Differences between actual and expected experience	-	-	-
Changes in economic/demographic	(16,557)	-	(16,557)
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	18,648	(18,648)
Contribution - employee	-	-	-
Net investment income	-	10,214	(10,214)
Administrative expenses	-	(762)	762
Benefit payments, including refunds of employee contributions	(10,426)	(10,426)	-
Net Changes	(8,602)	17,674	(26,276)
Balance at June 30, 2018 (Measurement Date)	\$ 172,282	\$ 154,904	\$ 17,378

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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	6.15%	5.50%
Net Pension Liability	\$ 49,845,432	\$ 34,875
Current Discount Rate	7.15%	6.50%
Net Pension Liability	\$ 35,534,444	\$ 17,378
1% Increase	8.15%	7.50%
Net Pension Liability	\$ 23,743,916	\$ 2,293

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.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 \$4,181,714 and \$9,005 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,893,682	\$ -
Differences between expected and actual experience	-	(1,119,458)
Change in assumptions	3,657,269	-
Net differences between projected and actual earnings on plan investments	<u>780,454</u>	<u>-</u>
Total Miscellaneous Plan	<u>\$ 7,331,405</u>	<u>\$ (1,119,458)</u>
Differences between expected and actual experience	\$ -	\$ (18,753)
Change in assumptions	10,007	-
Net differences between projected and actual earnings on plan investments	<u>50</u>	<u>-</u>
Total Council Plan	<u>\$ 10,057</u>	<u>\$ (18,753)</u>

An amount of \$2,893,683 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
2019	\$ 1,361,963	\$ (980)
2020	2,144,938	(1,949)
2021	365,346	(3,518)
2022	(553,982)	(2,041)
2023	-	(208)
Thereafter	-	-

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Payable to the Pension Plans

At June 30, 2018, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.

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 by Nationwide Retirement Solutions. 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, 2018, the City's payroll covered by the defined contribution plan was \$1,615,421. The City made employer contributions of \$60,578 (3.75% of current covered payroll), and employees contributed \$60,578 (3.75% of current covered payroll).

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. General Information about the OPEB Plan

Plan Description

The City has established an agent multiple-employer Defined Benefit Postemployment Healthcare Plan (DHP) that provides post-retirement medical benefits to retirees through the California Public Employees Medical and Hospital Care Act (PEMCHA) and managed through the California Employers' Retiree Benefit Trust (CERBT). The plan provides retiree medical benefits to eligible retirees and their eligible dependents. 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 PEMCHA minimum. The PEMCHA minimum is updated annually by the CalPERS board. Regardless of hire date, the same benefit continues to the surviving spouse.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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

A. General Information about the OPEB Plan (Continued)

Plan Description (Continued)

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. A separate financial report is not prepared for the plan.

Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	113
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-
Active employees	<u>141</u>
Total	<u><u>254</u></u>

Contributions

The DPHP and its contribution requirements are established by City policy and may be amended by the City Council. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the City’s cash contributions were \$1,000,000 in payments to the trust and the estimated implied subsidy was \$196,000 and \$3,000 administrative expense paid by the city resulting in payments of \$1,199,000.

B. Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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

C. Total OPEB Liability

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Projected Salary Increase	3.00% per annum, in aggregate
Expected long term investment rate of return	6.75%
Healthcare Cost Trend Rates	7.5% Non-Medicare/6.5% Medicare, decreasing to 4% in 2075 and later years
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

The actuarial assumptions used in the June 30, 2017 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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

C. Total OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	New Strategic Allocation	Long-Term Expected Real Rate of Return
CERBT		
Global Equity	57.00%	4.82%
Fixed Income	27.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITs	8.00%	3.76%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the DPHP's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on DPHP plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Change of Discount Rate

There was no change to the discount rate utilized in the June 30, 2016 valuation as compared to the June 30, 2017 valuation discount rate.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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

D. Changes in the net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2016 (Measurement Date)	\$ 25,442,000	\$ -	\$ 25,442,000
Changes in the Year:			
Service cost	597,000	-	597,000
Interest on the total OPEB liability	1,717,000	-	1,717,000
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	5,212,000	(5,212,000)
Net investment income	-	165,000	(165,000)
Administrative expenses	-	(1,000)	1,000
Benefit payments	(1,212,000)	(1,212,000)	-
Net Changes	1,102,000	4,164,000	(3,062,000)
Balance at June 30, 2017 (Measurement Date)	\$ 26,544,000	\$ 4,164,000	\$ 22,380,000

Change of Assumptions

There were no changes of assumptions.

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

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

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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

D. Changes in the net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability (Asset)	\$ 26,042,000	\$ 22,380,000	\$ 19,370,000

Sensitivity of the Net OPEB Liability to Changes in Health-Care Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6.5% Non-Medicare/5.5% Medicare decreasing to 3.00%) or 1-percentage point higher (8.5% Non-Medicare/7.5% Medicare decreasing to 5.00%) than the current healthcare cost trend rates:

	1% Decrease (6.5% Non-Medicare/ 5.5% Medicare decreasing to 3.0% Non-Medicare and Medicare)	Current Healthcare Cost Trend Rates (7.5% Non-Medicare/ 6.5% Medicare decreasing to 4.0% Non-Medicare and Medicare)	1% Increase (8.5% Non-Medicare/ 7.5% Medicare decreasing to 5.0% Non-Medicare and Medicare)
Net OPEB Liability (Asset)	\$ 19,087,000	\$ 22,380,000	\$ 26,435,000

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$2,174,000. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,199,000	\$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Differences between projected and actual earnings	-	(24,000)
	<u> </u>	<u> </u>
Total	<u>\$ 1,199,000</u>	<u>\$ (24,000)</u>

The net difference between projected and actual earnings on plan investments is amortized over a five year period.

\$1,199,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ (6,000)
2020	(6,000)
2021	(6,000)
2022	(6,000)
2023	-
Thereafter	-

F. Payable to the OPEB Plan

At June 30, 2018, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

CITY OF PICO RIVERA, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2018

11. RISK MANAGEMENT

The City began its self-insured liability program with CSAC Excess Insurance Authority (CSAC) on July 1, 2017. Claims occurring prior to July 1, 2017 are fully covered by California Joint Powers Insurance Authority (CJPIA). The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City handled those risks with the purchase of commercial insurance. The City pays an annual premium to the CSAC pool for its general liability and workers' compensation insurance coverage. For its general liability insurance, the City, through CSAC has a self-insured retention amount of \$100,000 per occurrence. General claims above \$100,000 up to \$25,000,000 are shared by the pool. For its workers' compensation liability insurance, the City, through CSAC has a self-insured retention amount of \$125,000 per occurrence. Workers' compensation claims above \$125,000 up to statutory limits are shared by the pool. The City retains a risk of loss due to the fact that actual losses may exceed estimated claims or overage amounts. The City also maintained property coverage, pollution coverage, master crime coverage and cyber liability coverage with CSAC.

Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At June 30, 2018, \$353,000 has been accrued for general liability claims and \$698,000 has been accrued for workers compensation claims. This amount represents an estimate of amounts to be paid for reported claims and incurred but not yet reported claims based upon past experience, modified for current trends, and information. While the ultimate amount of losses incurred through June 30, 2018, is dependent on future developments, based upon information from the City Attorney, the City's claims administrators and others involved with the administration of the programs, City management believes the accrual is adequate to cover such losses.

Changes in the claims liability amount in fiscal year 2018 (inception of current coverages) is as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2017 - 2018	\$ -	\$ 1,122,309	\$ (71,309)	\$ 1,051,000

During fiscal year 2017-2018, the City changed insurance providers from CJPIA to CSAC, the City has some additional obligation for annual retrospective adjustments assessed on the open claims prior to the transition. Accordingly, the City has recorded an accrual of \$230,289, which is included in accounts payable and accrued liabilities in the general fund.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The City's governmental fund balances at June 30, 2018, are tabulated below, followed by explanations as to the nature and purpose of each classification.

	General	Special Revenue Funds		Capital Projects Fund	Other Govt. Funds	Total Govt. Funds
		Housing Agency Section 8	Federal Grants	Capital Improvement Fund		
Nonspendable:						
Long-term receivables/advances	\$ 25,132,740	\$ -	\$ -	\$ -	\$ -	\$ 25,132,740
Prepaid items	36,060	4,508	-	-	-	40,568
Restricted for:						
Housing Agency	-	622,324	-	-	-	622,324
State gas tax	-	-	-	-	449,244	-
HOME	-	-	-	-	1,621,372	1,621,372
CalHome Grant	-	-	-	-	309,365	309,365
Lighting assessment district	-	-	-	-	352,758	352,758
Park development	-	-	-	-	221,692	221,692
Prop A	-	-	-	-	2,389,315	2,389,315
Prop C	-	-	-	-	1,570,555	1,570,555
Measure R	-	-	-	-	1,467,731	1,467,731
Measure M	-	-	-	-	678,702	678,702
AQMD	-	-	-	-	381,186	381,186
County Grants	-	-	-	-	23,614	23,614
State Grants	-	-	-	-	143,352	143,352
Economic Development						
Assistance Grant	-	-	-	-	1,734,082	1,734,082
Image enhancement	-	-	-	-	416,803	416,803
Sewer maintenance	-	-	-	-	605,365	605,365
Reach Grants	-	-	-	-	421,216	421,216
Cable/PEG support	-	-	-	-	99,515	99,515
Housing Agency LMIHF	-	-	-	-	2,040,893	2,040,893
Paramount/Mines Landscape						
Maintenance District	-	-	-	-	17,644	17,644
2009 Bond capital projects	-	-	-	-	86	86
Committed to:						
Emergency Reserve/						
Economic stabilization/stimulus	9,665,400	-	-	-	-	9,665,400
Assigned to:						
OPEB Unfunded Liability	1,119,000	-	-	-	-	1,119,000
Leave Liability	471,400	-	-	-	-	471,400
Equipment Replacement	765,800	-	-	-	-	765,800
Self-insured Retention	500,000	-	-	-	-	500,000
Bond Refinancing/Reserve	6,000,000	-	-	-	-	6,000,000
Capital improvements	2,000,000	-	-	-	-	2,000,000
Deferred Maintenance	1,000,000	-	-	-	-	1,000,000
Energy Efficiency	1,000,000	-	-	-	-	1,000,000
Economic Sustainability	1,000,000	-	-	-	-	1,000,000
Unassigned	12,063,120	-	(743,593)	(604,070)	(260,191)	10,455,266
Total Fund Balances	<u>\$ 60,753,520</u>	<u>\$ 626,832</u>	<u>\$ (743,593)</u>	<u>\$ (604,070)</u>	<u>\$ 14,684,299</u>	<u>\$ 74,267,744</u>

A. Nonspendable Fund Balances

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

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED)

B. Updated Reserve Policies: Committed and Assigned Fund Balances

The City Council first 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. Annually, as part of the budget development process, these policies are updated and approved by the City Council.

The latest version of the 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
- Deferred Maintenance
- Energy Efficiency
- Economic Sustainability

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 12, 2018, 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, 2018, this commitment is equal to \$9,665,400.

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.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED)

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)
- Deferred Maintenance
- Energy Efficiency
- Economic Sustainability

For the fiscal year ending June 30, 2018, total assignments equal \$13,856,200.

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, 2018, the General Fund unassigned fund balance is \$12,063,120.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

13. OTHER REQUIRED DISCLOSURES

Deficit Fund Balances or Net Position

The following funds reported deficit fund balances or net position at June 30, 2018:

Major Funds:

Federal Grants Special Revenue Fund \$ 743,593

Capital Projects Fund:

Capital Improvement Funds \$ 604,070

Other Governmental Funds:

Community Development Block Grant Special Revenue Fund \$ 256,977

Transportation Development Act Special Revenue Fund 3,214

Other Enterprise Fund - Golf Course Fund \$ 1,678,716

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.

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	\$ 44,145,788	\$ 44,911,204	\$ (765,416)
Federal Grants Special Revenue Fund	245,751	901,954	(656,203)
Other Governmental Funds			
Prop C Special Revenue Fund	63,225	605,279	(542,054)
Measure R Special Revenue Fund	-	730,644	(730,644)
Narcotics Forfeiture Special Revenue Fund	4,660	6,155	(1,495)

14. PICO RIVERA INNOVATIVE MUNICIPAL ENERGY

The City has registered as a Community Choice Aggregator (CCA) and established Pico Rivera Innovative Municipal Energy (PRIME) for the purpose of delivering electric services to certain customers located within the City of Pico Rivera. The City entered into an administrative services agreement with California Choice Energy Authority (CCEA), for administration, energy procurement, contract negotiation, contract administration, resource planning services and other services provided to the PRIME program. This contract has a term of the longer of three years from the effective date of April 11, 2017 or the longest term of any energy contract to which the CCEA is a party on behalf of the City. Payments to CCEA for the fiscal year ended June 30, 2018 totaled \$682,101.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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 July 1, 2017	Additions	Deletions	Balance at June 30, 2018
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	(117,534)	(3,526)	-	(121,060)
Furniture and equipment	(5,110)	-	-	(5,110)
Infrastructure	<u>(14,846)</u>	<u>(1,235)</u>	<u>-</u>	<u>(16,081)</u>
Total accumulated depreciation	<u>(137,490)</u>	<u>(4,761)</u>	<u>-</u>	<u>(142,251)</u>
Total capital assets, being depreciated, net	<u>80,472</u>	<u>(4,761)</u>	<u>-</u>	<u>75,711</u>
Successor Agency activities, capital assets, net	<u>\$ 338,495</u>	<u>\$ (4,761)</u>	<u>\$ -</u>	<u>\$ 333,734</u>

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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, 2018, is \$360,830.

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, 2018, the net advance balance was \$17,388,447, which included accrued interest of \$8,225,877 and a 25% reserve against this balance totaling \$4,347,113 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, 2018, the balance of the City Deferrals including interest was \$28,179,155.

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 \$28,179,155 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.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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)

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.

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%	\$ 1,548,574	By June 30, 2017
2	03/08/11	0%	343,368	By June 30, 2017
			<u>\$ 1,891,942</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.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

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, 2018, the net advance balance was \$246,274, which includes accrued interest of \$116,274.
- (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, 2018, the Water Authority's advances to the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund amounted to \$24,230,414 (including accrued interest of \$147,671).

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 June 30,	Principal	Interest	Total
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	2,115,000	1,195,775	3,310,775
2024 - 2028	10,070,000	3,753,050	13,823,050
2029 - 2033	5,955,000	1,098,125	7,053,125
Total	<u>\$ 25,315,000</u>	<u>\$ 12,173,175</u>	<u>\$ 37,488,175</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	\$ 25,315,000
Less: unamortized revenue bond discount	(1,232,257)
Plus: accrued unpaid interest	<u>147,671</u>
	<u>\$ 24,230,414</u>

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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. 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, 2018, the balance of the County Deferral including interest was \$47,227,151. There is no fixed payment schedule for the repayment of the County Deferral. During the current fiscal year, the County identified errors in the calculation of accrued interest on this obligation, as a result a prior period adjustment was booked to correct the opening accrued interest portion of this obligation, see Note 16.

16. RESTATEMENTS

Restatement of the Government-Wide financial statements' net position as of July 1, 2017 is as follows:

	Governmental Activities	Business-type Activities	Totals
Net position at July 1, 2017, as originally reported	\$ 262,981,148	\$ 19,014,009	\$ 281,995,157
Implementation of GASB Statement 75 to record the net OPEB liability as of the beginning of the year	(8,372,616)	(2,111,686)	(10,484,302)
Correct balance in deposits payable at the beginning of the year	608,595	-	608,595
Net position at July 1, 2017, as restated	<u>\$ 255,217,127</u>	<u>\$ 16,902,323</u>	<u>\$ 272,119,450</u>

Restatement of fund balances as of July 1, 2017 is as follows:

	General Fund	Water Operations Enterprise Fund
Net position at July 1, 2017, as originally reported	\$ 59,734,473	\$ 19,094,002
Implementation of GASB Statement 75 to record the net OPEB liability as of the beginning of the year	-	(2,111,686)
Correct balance in deposits payable at the beginning of the year	608,595	-
Net position at July 1, 2017, as restated	<u>\$ 60,343,068</u>	<u>\$ 16,982,316</u>

CITY OF PICO RIVERA, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

16. RESTATEMENTS (CONTINUED)

Restatement of the fiduciary fund's net position as of July 1, 2017 is as follows:

	Successor Agency to the City of Pico Rivera Redevelopment Agency Private-Purpose Trust Fund
Net position at July 1, 2017, as originally reported	\$ (109,085,502)
Correction of balance of County Deferral obligation to adjust for interest portion of obligation that had previously not been accrued by the City	(4,855,653)
Net position at July 1, 2017, as restated	<u>\$ (113,941,155)</u>

17. SUBSEQUENT EVENTS

In August of 2018, the Pico Rivera Public Finance Authority issued Local Transportation Sales Tax Revenue Certificates of Participation, Series 2018, in the aggregate principal amount of \$14,695,000. The certificates of participation pay interest at a rate from 3.375% to 5.000% payable semiannually on June 1 and December 1, commencing on June 1, 2019. The proceeds from the sale of the certificates of participation will be used to finance the design, acquisition, and construction of certain local roadway and street improvement projects within the jurisdiction of the City, to purchase a debt service reserve policy, and to pay costs incurred in connection with the execution, sale, and delivery of the certificates of participation.

Other events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosure as of January 29, 2019, which is the date these financial statements were available to be issued.

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*

	2018	2017	2016	2015
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Measurement period:				
Total Pension Liability:				
Service cost	\$ 1,660,852	\$ 1,410,606	\$ 1,411,834	\$ 1,447,138
Interest on total pension liability	7,124,315	6,980,849	6,826,754	6,624,512
Differences between expected and actual experience	(1,258,219)	(1,495,731)	(845,358)	-
Changes in assumptions	5,943,062	-	(1,681,626)	-
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	(4,857,602)	(4,769,549)	(4,686,299)	(4,544,162)
Net Change in Total Pension Liability	8,612,408	2,126,175	1,025,305	3,527,488
Total Pension Liability - Beginning of Year	96,554,312	94,428,137	93,402,832	89,875,344
Total Pension Liability - End of Year (a)	<u>\$ 105,166,720</u>	<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	2,552,475	2,352,483	2,240,763	2,552,214
Contributions - employee	741,941	681,785	716,687	671,298
Net investment income	7,274,632	328,225	1,459,065	10,012,754
Administrative expenses	(94,514)	(39,896)	(73,643)	-
Benefit payments	(4,857,602)	(4,769,549)	(4,686,299)	(4,544,162)
Net Change in Plan Fiduciary Net Position	5,616,932	(1,446,952)	(343,415)	8,692,104
Plan Fiduciary Net Position - Beginning of Year	64,015,344	65,462,296	65,805,711	57,113,607
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 69,632,276</u>	<u>\$ 64,015,344</u>	<u>\$ 65,462,296</u>	<u>\$ 65,805,711</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 35,534,444</u>	<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	66.21%	66.30%	69.32%	70.45%
Covered payroll	\$ 9,605,299	\$ 8,817,942	\$ 8,675,393	\$ 8,586,318
Net pension liability as percentage of covered payroll	369.95%	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.

From fiscal year June 30, 2017 to June 30, 2018:

The accounting discount rate reduced from 7.65% to 7.15%

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

CITY OF PICO RIVERA
 SCHEDULE OF CONTRIBUTIONS
 MISCELLANEOUS PLAN

Last Ten Fiscal Years*

	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,893,682	\$ 2,552,612	\$ 2,352,483	\$ 2,240,762
Contributions in relation to the actuarially determined contributions	<u>(2,750,278)</u>	<u>(2,552,612)</u>	<u>(2,352,483)</u>	<u>(2,240,762)</u>
Contribution deficiency (excess)	<u>\$ 143,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,850,347	\$ 9,605,299	\$ 8,817,942	\$ 8,675,393
Contributions as a percentage of covered - employee payroll	25.35%	26.58%	26.68%	25.83%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013
----------------	-----------	-----------	-----------	-----------

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 1st year of implementation, therefore only four years are shown.

** The valuation for June 30, 2012, 2013, 2014, and 2015 (applicable to fiscal years ended June 30, 2015, 2016, 2017, and 2018 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, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

CITY OF PICO RIVERA

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

Last Ten Fiscal Years*

	2018	2017	2016	2015
Measurement period:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Total Pension Liability:				
Service cost	\$ 6,533	\$ 6,809	\$ 6,547	\$ 6,329
Interest on total pension liability	11,848	11,642	11,117	10,751
Differences between expected and actual experience	-	-	(9,032)	-
Changes in economic/demographic	(16,557)	-	-	-
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>	<u>(10,426)</u>
Net Change in Total Pension Liability	(8,602)	16,251	5,595	6,654
Total Pension Liability - Beginning of Year	<u>180,884</u>	<u>164,633</u>	<u>159,038</u>	<u>152,384</u>
Total Pension Liability - End of Year (a)	<u><u>\$ 172,282</u></u>	<u><u>\$ 180,884</u></u>	<u><u>\$ 164,633</u></u>	<u><u>\$ 159,038</u></u>
Plan Fiduciary Net Position:				
Contributions - employer	\$ 18,648	\$ 17,266	\$ 18,647	\$ 17,957
Contributions - employee	-	-	-	-
Net investment income	10,214	13,784	83	2,392
Administrative expenses	(762)	(655)	(575)	(540)
Benefit payments	<u>(10,426)</u>	<u>(10,426)</u>	<u>(10,426)</u>	<u>(10,426)</u>
Net Change in Plan Fiduciary Net Position	17,674	19,969	7,729	9,383
Plan Fiduciary Net Position - Beginning of Year	<u>137,230</u>	<u>117,261</u>	<u>109,532</u>	<u>100,149</u>
Plan Fiduciary Net Position - End of Year (b)	<u><u>\$ 154,904</u></u>	<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>\$ 17,378</u></u>	<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	89.91%	75.87%	71.23%	68.87%
Covered payroll	\$ 55,406	\$ 57,622	\$ 55,406	\$ 57,622
Net pension liability as percentage of covered payroll	31.36%	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 four years are shown.

CITY OF PICO RIVERA

SCHEDULE OF CONTRIBUTIONS - COUNCIL PLAN

Last Ten Fiscal Years*

	2018	2017	2016	2015
Actuarially determined contribution	\$ 17,900	\$ 18,616	\$ 17,266	\$ 17,957
Contributions in relation to the actuarially determined contributions	(18,648)	(17,266)	(18,647)	(17,957)
Contribution deficiency (excess)	\$ (748)	\$ 1,350	\$ (1,381)	\$ -
Covered payroll	\$ 55,406	\$ 57,622	\$ 55,406	\$ 57,622
Contributions as a percentage of covered payroll	33.66%	29.96%	33.66%	31.16%

Notes to Schedule:

Valuation Date	6/30/2017	7/1/2015	7/1/2015	6/30/2013
----------------	-----------	----------	----------	-----------

Methods and Assumptions Used to

Determine Contribution Rates:

Single employer plan	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, closed period	Level dollar, closed period	Level dollar, closed period	Level dollar, closed period
Remaining amortization period	5-year fixed	7-year fixed	7-year fixed	9-year fixed
Asset valuation method	Market	Market	Market	Market
Inflation	2.75%	2.75%	2.75%	3.00%
Salary increases	4.00%	4.00%	4.00%	4.00%
Investment rate of return	6.50%	6.50%	7.00%	7.00%
Retirement age	55 years	55 years	55 years	55 years
Mortality	(1)	(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*

	2018	2017	2016	2015
Net money-weighted rate of return	7.26%	11.48%	0.07%	2.33%

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

CITY OF PICO RIVERA

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year end	<u>6/30/2018</u>
Measurement date	6/30/2017
Total OPEB Liability:	
Service cost	\$ 597,000
Interest on total OPEB liability	1,717,000
Benefit payments	<u>(1,212,000)</u>
Net Change in Total OPEB Liability	1,102,000
Total OPEB Liability - Beginning of Year	<u>25,442,000</u>
Total OPEB Liability - End of Year (a)	<u>26,544,000</u>
Plan Fiduciary Net Position:	
Contributions - employer	5,212,000
Net investment income	165,000
Administrative expenses	(1,000)
Benefit payments	<u>(1,212,000)</u>
Net Change in Plan Fiduciary Net Position	4,164,000
Plan Fiduciary Net Position - Beginning of Year	<u>-</u>
Plan Fiduciary Net Position - End of Year (b)	<u>4,164,000</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 22,380,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	15.69%
Covered - employee payroll	\$ 9,770,000
Net OPEB liability as percentage of covered - employee payroll	229.07%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

CITY OF PICO RIVERA
 SCHEDULE OF CONTRIBUTIONS - OPEB
 Last Ten Fiscal Years*

	6/30/2018
Actuarially determined contribution	\$ 2,688,000
Contributions in relation to the actuarially determined contributions	(1,199,000)
Contribution deficiency (excess)	\$ 1,489,000
Covered - employee payroll	\$ 10,314,000
Contributions as a percentage of covered - employee payroll	11.62%

Notes to Schedule:

Valuation Date 6/30/2017

Methods and Assumptions Used to Determine Contribution Rates:

Agent multiple employer plan	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Inflation	2.75%
Medical Trend	Non-Medicare - 7.5% decreasing to 4.0%; Medicare - 6.5% decreasing to 4.0%
Investment rate of return	6.75%
Mortality	Mortality projected fully generational with Scale MP-17

* Fiscal year 2018 was the first year of implementation; therefore, one year is shown.

CITY OF PICO RIVERA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Taxes and assessments	\$ 33,431,700	\$ 33,431,700	\$ 32,299,794	\$ (1,131,906)
Licenses and permits	3,493,700	2,643,700	2,960,639	316,939
Intergovernmental	534,000	241,000	208,688	(32,312)
Charges for services	780,500	1,555,500	1,470,114	(85,386)
Fines, forfeitures, and penalties	1,026,000	1,026,000	1,002,532	(23,468)
Investment and rental	58,600	58,600	332,353	273,753
Miscellaneous	-	3,070,633	5,324,467	2,253,834
TOTAL REVENUES	<u>39,324,500</u>	<u>42,027,133</u>	<u>43,598,587</u>	<u>1,571,454</u>
EXPENDITURES:				
Current:				
General government	6,923,450	11,706,083	12,732,924	(1,026,841)
Public safety	11,723,000	11,848,000	11,851,116	(3,116)
Public works	10,054,630	10,116,980	9,989,954	127,026
Parks and recreation	5,206,645	5,311,775	5,177,249	134,526
Community development	3,192,430	3,236,800	3,233,811	2,989
Debt service:				
Principal	865,000	865,000	865,000	-
Interest and fiscal charges	<u>1,061,150</u>	<u>1,061,150</u>	<u>1,061,150</u>	<u>-</u>
TOTAL EXPENDITURES	<u>39,026,305</u>	<u>44,145,788</u>	<u>44,911,204</u>	<u>(765,416)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>298,195</u>	<u>(2,118,655)</u>	<u>(1,312,617)</u>	<u>806,038</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,142,800	2,142,800	2,229,692	86,892
Transfers out	<u>(3,068,800)</u>	<u>(3,068,800)</u>	<u>(506,623)</u>	<u>2,562,177</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(926,000)</u>	<u>(926,000)</u>	<u>1,723,069</u>	<u>2,649,069</u>
NET CHANGE IN FUND BALANCE	(627,805)	(3,044,655)	410,452	3,455,107
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	<u>60,343,068</u>	<u>60,343,068</u>	<u>60,343,068</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 59,715,263</u>	<u>\$ 57,298,413</u>	<u>\$ 60,753,520</u>	<u>\$ 3,455,107</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 4,800,000	\$ 4,800,000	\$ 4,994,594	\$ 194,594
Investment and rental	1,000	1,000	2,826	1,826
Miscellaneous	30,000	30,000	61,454	31,454
TOTAL REVENUES	4,831,000	4,831,000	5,058,874	227,874
EXPENDITURES:				
Current:				
Health and welfare	5,237,610	5,237,610	5,056,748	180,862
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(406,610)	(406,610)	2,126	408,736
FUND BALANCE - BEGINNING OF YEAR	624,706	624,706	624,706	-
FUND BALANCE - END OF YEAR	<u>\$ 218,096</u>	<u>\$ 218,096</u>	<u>\$ 626,832</u>	<u>\$ 408,736</u>

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 5,085,500	\$ 5,085,500	\$ 1,261,658	\$ (3,823,842)
EXPENDITURES:				
Current:				
Public works	-	245,751	901,954	(656,203)
TOTAL EXPENDITURES	-	245,751	901,954	(656,203)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,085,500	4,839,749	359,704	(4,480,045)
OTHER FINANCING USES:				
Transfers out	(5,085,500)	(5,085,500)	(401,835)	4,683,665
TOTAL OTHER FINANCING SOURCES (USES)	(5,085,500)	(5,085,500)	(401,835)	4,683,665
NET CHANGE IN FUND BALANCE	-	(245,751)	(42,131)	203,620
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(701,462)	(701,462)	(701,462)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (701,462)	\$ (947,213)	\$ (743,593)	\$ 203,620

See accompanying note to required supplementary information.

CITY OF PICO RIVERA, CALIFORNIA
Notes to Required Supplementary Information
June 30, 2018

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 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.

This page intentionally left blank.

CITY OF PICO RIVERA
SUPPLEMENTARY INFORMATION

This page intentionally left blank.

**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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public works	15,402,700	696,256	-	696,256
Capital outlay	2,586,600	18,908,788	1,547,832	17,360,956
TOTAL EXPENDITURES	17,989,300	19,605,044	1,547,832	18,057,212
EXCESS OF REVENUES UNDER EXPENDITURES	(17,989,300)	(19,605,044)	(1,547,832)	18,057,212
OTHER FINANCING SOURCES (USES):				
Transfers in	17,689,300	17,689,300	989,411	(16,699,889)
TOTAL OTHER FINANCING SOURCES (USES)	17,689,300	17,684,858	989,411	(16,695,447)
NET CHANGE IN FUND BALANCE	(300,000)	(1,920,186)	(558,421)	1,361,765
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(45,649)	(45,649)	(45,649)	-
FUND BALANCE - END OF YEAR	\$ (345,649)	\$ (1,965,835)	\$ (604,070)	\$ 1,361,765

CITY OF PICO RIVERA

DESCRIPTION OF OTHER GOVERNMENTAL FUNDS

June 30, 2018

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.

Measure M Fund accounts for monies received and expenditures relative to Measure M 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, 2018

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 Sustainability Fund 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, 2018

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, 2018

		Special Revenue Funds		
		Community Development Block Grant	State Gas Tax	Lighting Assessment District
ASSETS				
Cash and investments		\$ -	\$ 312,810	\$ 293,118
Accounts receivable		-	-	-
Taxes receivable		-	135,745	56,682
Interest receivable		-	689	2,958
Long-term receivables		209,345	-	-
Receivables from Successor Agency		-	-	-
TOTAL ASSETS		<u>\$ 209,345</u>	<u>\$ 449,244</u>	<u>\$ 352,758</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable		38,566	-	-
Accrued liabilities		7,389	-	-
Due to other funds		211,022	-	-
Due to other agencies		209,345	-	-
TOTAL LIABILITIES		<u>466,322</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue		-	-	-
FUND BALANCES (DEFICITS):				
Restricted		-	449,244	352,758
Unassigned		(256,977)	-	-
TOTAL FUND BALANCES (DEFICITS)		<u>(256,977)</u>	<u>449,244</u>	<u>352,758</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		<u>\$ 209,345</u>	<u>\$ 449,244</u>	<u>\$ 352,758</u>

Special Revenue Funds (Continued)

Park Development	Prop A	Prop C	Measure R	Measure M	HOME Grant	CalHOME Grant
\$ 221,096	\$ 2,456,317	\$ 1,715,280	\$ 1,456,658	\$ 677,092	\$ 1,619,122	\$ 309,365
-	22,105	-	649,181	-	-	-
-	-	-	-	-	-	-
596	6,606	4,735	12,328	1,610	-	-
-	-	-	-	-	3,309,127	1,418,126
-	-	-	-	-	-	-
<u>\$ 221,692</u>	<u>\$ 2,485,028</u>	<u>\$ 1,720,015</u>	<u>\$ 2,118,167</u>	<u>\$ 678,702</u>	<u>\$ 4,928,249</u>	<u>\$ 1,727,491</u>
-	90,625	147,433	720	-	-	-
-	5,088	2,027	535	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,306,877	1,418,126
-	95,713	149,460	1,255	-	3,306,877	1,418,126
-	-	-	649,181	-	-	-
221,692	2,389,315	1,570,555	1,467,731	678,702	1,621,372	309,365
-	-	-	-	-	-	-
<u>221,692</u>	<u>2,389,315</u>	<u>1,570,555</u>	<u>1,467,731</u>	<u>678,702</u>	<u>1,621,372</u>	<u>309,365</u>
<u>\$ 221,692</u>	<u>\$ 2,485,028</u>	<u>\$ 1,720,015</u>	<u>\$ 2,118,167</u>	<u>\$ 678,702</u>	<u>\$ 4,928,249</u>	<u>\$ 1,727,491</u>

(Continued)

CITY OF PICO RIVERA
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 (CONTINUED)

June 30 ,2018

		Special Revenue Funds (Continued)		
		Air Quality Improvement	County Grants	State Grants
ASSETS				
Cash and investments		\$ 359,411	\$ 43,042	\$ 162,202
Accounts receivable		-	-	61,830
Taxes receivable		21,086	-	18,000
Interest receivable		935	-	434
Long-term receivables		-	-	-
Receivables from Successor Agency		-	-	-
	TOTAL ASSETS	\$ 381,432	\$ 43,042	\$ 242,466
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable		246	-	-
Accrued liabilities		-	-	-
Due to other funds		-	-	37,284
Due to other agencies		-	19,428	-
	TOTAL LIABILITIES	246	19,428	37,284
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue		-	-	61,830
FUND BALANCES (DEFICITS):				
Restricted		381,186	23,614	143,352
Unassigned		-	-	-
	TOTAL FUND BALANCES (DEFICITS)	381,186	23,614	143,352
	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 381,432	\$ 43,042	\$ 242,466

Special Revenue Funds (Continued)

Economic Sustainability	Image Enhancement	Sewer Maintenance	Reach Grants	Cable/PEG Support	Transportation Development Act
\$ 1,442,586	\$ 415,693	\$ 618,070	\$ 633,011	\$ 99,742	\$ -
-	-	-	-	-	96,751
-	-	297	-	1,109	-
4,446	1,110	-	1,840	-	-
287,050	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,734,082</u>	<u>\$ 416,803</u>	<u>\$ 618,367</u>	<u>\$ 634,851</u>	<u>\$ 100,851</u>	<u>\$ 96,751</u>
-	-	9,026	126,846	1,245	96
-	-	3,976	6,606	91	58
-	-	-	-	-	14,278
-	-	-	80,183	-	-
-	-	13,002	213,635	1,336	14,432
-	-	-	-	-	85,533
1,734,082	416,803	605,365	421,216	99,515	-
-	-	-	-	-	(3,214)
<u>1,734,082</u>	<u>416,803</u>	<u>605,365</u>	<u>421,216</u>	<u>99,515</u>	<u>(3,214)</u>
<u>\$ 1,734,082</u>	<u>\$ 416,803</u>	<u>\$ 618,367</u>	<u>\$ 634,851</u>	<u>\$ 100,851</u>	<u>\$ 96,751</u>

(Continued)

CITY OF PICO RIVERA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30 ,2018

		Special Revenue Funds (Continued)		
		Housing Agency LMIHF	Narcotics Forfeiture	Total Special Revenue Funds
ASSETS				
Cash and investments		\$ 148,876	\$ 3,954	\$ 12,987,445
Accounts receivable		-	-	829,867
Taxes receivable		-	-	232,919
Interest receivable		75	-	38,362
Long-term receivables		-	-	5,223,648
Receivables from Successor Agency		1,891,942	-	1,891,942
TOTAL ASSETS		<u>\$ 2,040,893</u>	<u>\$ 3,954</u>	<u>\$ 21,204,183</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ -	\$ 3,954	\$ 418,757
Accrued liabilities		-	-	25,770
Due to other funds		-	-	262,584
Due to other agencies		-	-	5,033,959
TOTAL LIABILITIES		<u>-</u>	<u>3,954</u>	<u>5,741,070</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue		-	-	796,544
FUND BALANCES (DEFICITS):				
Restricted		2,040,893	-	14,926,760
Unassigned		-	-	(260,191)
TOTAL FUND BALANCES (DEFICITS)		<u>2,040,893</u>	<u>-</u>	<u>14,666,569</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		<u>\$ 2,040,893</u>	<u>\$ 3,954</u>	<u>\$ 21,204,183</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
\$ -	\$ 17,598	\$ 86	\$ 17,684	\$ 13,005,129
-	-	-	-	829,867
-	-	-	-	232,919
-	46	-	46	38,408
-	-	-	-	5,223,648
-	-	-	-	1,891,942
<u>\$ -</u>	<u>\$ 17,644</u>	<u>\$ 86</u>	<u>\$ 17,730</u>	<u>\$ 21,221,913</u>
\$ -	\$ -	\$ -	\$ -	\$ 418,757
-	-	-	-	25,770
-	-	-	-	262,584
-	-	-	-	5,033,959
-	-	-	-	5,741,070
-	-	-	-	796,544
-	17,644	86	17,730	14,944,490
-	-	-	-	(260,191)
-	17,644	86	17,730	14,684,299
<u>\$ -</u>	<u>\$ 17,644</u>	<u>\$ 86</u>	<u>\$ 17,730</u>	<u>\$ 21,221,913</u>

CITY OF PICO RIVERA

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

For the year ended June 30, 2018

	Special Revenue Funds		
	Community Development Block Grant	State Gas Tax	Lighting Assessment District
REVENUES:			
Taxes and assessments	\$ -	\$ 1,645,603	\$ 1,582,509
Intergovernmental	575,107	-	-
Charges for services	-	-	-
Investment and rental	300	1,153	6,498
Miscellaneous	-	72,809	-
TOTAL REVENUES	<u>575,407</u>	<u>1,719,565</u>	<u>1,589,007</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	650,857
Parks and recreation	-	-	-
Health and welfare	-	-	-
Community development	793,719	-	-
TOTAL EXPENDITURES	<u>793,719</u>	<u>-</u>	<u>650,857</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(218,312)</u>	<u>1,719,565</u>	<u>938,150</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(31,114)	(1,270,321)	(790,400)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(31,114)</u>	<u>(1,270,321)</u>	<u>(790,400)</u>
NET CHANGE IN FUND BALANCES	(249,426)	449,244	147,750
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>(7,551)</u>	<u>-</u>	<u>205,008</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (256,977)</u>	<u>\$ 449,244</u>	<u>\$ 352,758</u>

Special Revenue Funds (Continued)

Park Development	Prop A	Prop C	Measure R	Measure M	HOME Grant	CalHOME Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,198,883	991,680	1,834,469	674,983	-	-
180,000	-	-	-	-	-	-
1,112	28,332	19,472	24,719	3,719	346,939	2,750
-	51,738	-	-	-	-	57,478
<u>181,112</u>	<u>1,278,953</u>	<u>1,011,152</u>	<u>1,859,188</u>	<u>678,702</u>	<u>346,939</u>	<u>60,228</u>
-	-	-	-	-	-	-
-	1,087,454	605,279	730,644	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>1,087,454</u>	<u>605,279</u>	<u>730,644</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>181,112</u>	<u>191,499</u>	<u>405,873</u>	<u>1,128,544</u>	<u>678,702</u>	<u>346,939</u>	<u>60,228</u>
-	-	-	-	-	-	-
<u>-</u>	<u>(172)</u>	<u>(111,105)</u>	<u>(530,130)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(172)</u>	<u>(111,105)</u>	<u>(530,130)</u>	<u>-</u>	<u>-</u>	<u>-</u>
181,112	191,327	294,768	598,414	678,702	346,939	60,228
40,580	2,197,988	1,275,787	869,317	-	1,274,433	249,137
<u>\$ 221,692</u>	<u>\$ 2,389,315</u>	<u>\$ 1,570,555</u>	<u>\$ 1,467,731</u>	<u>\$ 678,702</u>	<u>\$ 1,621,372</u>	<u>\$ 309,365</u>

CITY OF PICO RIVERA

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

For the year ended June 30, 2018

	Special Revenue Funds (Continued)		
	Air Quality Improvement	County Grants	State Grants
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ -
Intergovernmental	77,560	92,319	614,775
Charges for services	-	-	-
Investment and rental	3,910	-	1,923
Miscellaneous	-	-	18,000
TOTAL REVENUES	81,470	92,319	634,698
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	37,105	-	-
Parks and recreation	-	-	-
Health and welfare	-	-	254,800
Community development	-	-	-
TOTAL EXPENDITURES	37,105	-	254,800
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	44,365	92,319	379,898
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	44,365	92,319	379,898
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	336,821	(68,705)	(236,546)
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 381,186	\$ 23,614	\$ 143,352

Special Revenue Funds (Continued)

Economic Sustainability	Image Enhancement	Sewer Maintenance	Reach Grants	Cable/PEG Support	Transportation Development Act
\$ -	\$ -	\$ 3,909	\$ 26,242	\$ -	\$ -
-	-	-	897,080	-	11,218
-	200,916	-	-	-	-
20,687	3,700	-	7,025	-	-
-	-	-	1,920	4,397	-
<u>20,687</u>	<u>204,616</u>	<u>3,909</u>	<u>932,267</u>	<u>4,397</u>	<u>11,218</u>
-	-	205,372	-	-	-
-	-	-	-	-	-
-	-	1,250	-	88,006	2,848
-	-	-	945,416	-	-
-	-	-	-	-	-
340,236	-	-	-	-	-
<u>340,236</u>	<u>-</u>	<u>206,622</u>	<u>945,416</u>	<u>88,006</u>	<u>2,848</u>
<u>(319,549)</u>	<u>204,616</u>	<u>(202,713)</u>	<u>(13,149)</u>	<u>(83,609)</u>	<u>8,370</u>
-	-	-	-	-	-
(90,763)	-	(20,000)	-	(2,510)	(9,378)
<u>(90,763)</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>(2,510)</u>	<u>(9,378)</u>
(410,312)	204,616	(222,713)	(13,149)	(86,119)	(1,008)
<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>\$ 1,734,082</u>	<u>\$ 416,803</u>	<u>\$ 605,365</u>	<u>\$ 421,216</u>	<u>\$ 99,515</u>	<u>\$ (3,214)</u>

CITY OF PICO RIVERA

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

For the year ended June 30, 2018

	Special Revenue Funds (Continued)		
	Housing Agency LMIHF	Narcotics Forfeiture	Total Special Revenue Funds
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ 3,258,263
Intergovernmental	-	-	6,968,074
Charges for services	-	-	380,916
Investment and rental	5,213	-	477,452
Miscellaneous	1,096	-	207,438
TOTAL REVENUES	6,309	-	11,292,143
EXPENDITURES:			
Current:			
General government	-	-	205,372
Public safety	-	6,155	6,155
Public works	-	-	3,203,443
Parks and recreation	-	-	945,416
Health and welfare	-	-	254,800
Community development	-	-	1,133,955
TOTAL EXPENDITURES	-	6,155	5,749,141
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,309	(6,155)	5,543,002
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	(2,855,893)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(2,855,893)
NET CHANGE IN FUND BALANCES	6,309	(6,155)	2,687,109
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	2,034,584	6,155	11,979,460
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 2,040,893</u>	<u>\$ -</u>	<u>\$ 14,666,569</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
\$ -	\$ 9,323	\$ -	\$ 9,323	\$ 3,267,586
-	-	-	-	6,968,074
-	-	-	-	380,916
-	145	-	145	477,597
-	-	-	-	207,438
-	9,468	-	9,468	11,301,611
-	-	-	-	205,372
-	-	-	-	6,155
-	-	-	-	3,203,443
-	-	-	-	945,416
-	-	-	-	254,800
-	-	-	-	1,133,955
-	-	-	-	5,749,141
-	9,468	-	9,468	5,552,470
90,763	-	-	90,763	90,763
(3,488)	-	-	(3,488)	(2,859,381)
87,275	-	-	87,275	(2,768,618)
87,275	9,468	-	96,743	2,783,852
(87,275)	8,176	86	(79,013)	11,900,447
<u>\$ -</u>	<u>\$ 17,644</u>	<u>\$ 86</u>	<u>\$ 17,730</u>	<u>\$ 14,684,299</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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 600,000	\$ 575,107	\$ (24,893)
Investment and rental	500	300	(200)
TOTAL REVENUES	600,500	575,407	(25,093)
EXPENDITURES:			
Current:			
Community development	1,006,807	793,719	213,088
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(406,307)	(218,312)	187,995
OTHER FINANCING USES:			
Transfers out	(799,000)	(31,114)	767,886
NET CHANGE IN FUND BALANCE	(1,205,307)	(249,426)	955,881
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(7,551)	(7,551)	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (1,212,858)</u>	<u>\$ (256,977)</u>	<u>\$ 955,881</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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes and assessments	\$ 1,722,000	\$ 1,645,603	\$ (76,397)
Investment and rental	1,000	1,153	153
Miscellaneous	73,500	72,809	(691)
	<u>1,796,500</u>	<u>1,719,565</u>	<u>(76,935)</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
Public works	370,600	-	370,600
	<u>1,425,900</u>	<u>1,719,565</u>	<u>293,665</u>
EXCESS OF REVENUES OVER EXPENDITURES			
OTHER FINANCING USES:			
Transfers out	(1,352,400)	(1,270,321)	82,079
NET CHANGE IN FUND BALANCE	73,500	449,244	375,744
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 73,500</u>	<u>\$ 449,244</u>	<u>\$ 375,744</u>

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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes and assessments	\$ 1,465,000	\$ 1,582,509	\$ 117,509
Investment and rental	-	6,498	6,498
TOTAL REVENUES	1,465,000	1,589,007	124,007
EXPENDITURES:			
Current:			
Public works	686,000	650,857	35,143
EXCESS OF REVENUES OVER EXPENDITURES	779,000	938,150	159,150
OTHER FINANCING SOURCES USE:			
Transfers out	(825,400)	(790,400)	35,000
TOTAL OTHER FINANCING USE	(825,400)	(790,400)	35,000
NET CHANGE IN FUND BALANCE	(46,400)	147,750	194,150
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	205,008	205,008	-
FUND BALANCE - END OF YEAR	\$ 158,608	\$ 352,758	\$ 194,150

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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ -	\$ 180,000	\$ 180,000
Investment and rental	-	1,112	1,112
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	181,112	181,112
FUND BALANCE - BEGINNING OF YEAR	<hr/> 40,580	<hr/> 40,580	<hr/> -
FUND BALANCE - END OF YEAR	<hr/> <u>\$ 40,580</u>	<hr/> <u>\$ 221,692</u>	<hr/> <u>\$ 181,112</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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 1,192,400	\$ 1,198,883	\$ 6,483
Investment and rental	10,000	28,332	18,332
Miscellaneous	40,000	51,738	11,738
TOTAL REVENUES	1,242,400	1,278,953	36,553
EXPENDITURES:			
Current:			
Public works	1,864,218	1,087,454	776,764
EXCESS OF REVENUES OVER EXPENDITURES	(621,818)	191,499	813,317
OTHER FINANCING USES:			
Transfers out	(20,000)	(172)	19,828
TOTAL OTHER FINANCING SOURCES (USES)	(20,000)	(172)	19,828
NET CHANGE IN FUND BALANCE	(641,818)	191,327	833,145
FUND BALANCE - BEGINNING OF YEAR	2,197,988	2,197,988	-
FUND BALANCE - END OF YEAR	<u>\$ 1,556,170</u>	<u>\$ 2,389,315</u>	<u>\$ 833,145</u>

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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 989,100	\$ 991,680	\$ 2,580
Investment and rental	5,000	19,472	14,472
TOTAL REVENUES	994,100	1,011,152	17,052
EXPENDITURES:			
Current:			
Public works	63,225	605,279	(542,054)
EXCESS OF REVENUES OVER EXPENDITURES	930,875	405,873	(525,002)
OTHER FINANCING USES:			
Transfers out	(1,964,300)	(111,105)	1,853,195
NET CHANGE IN FUND BALANCE	(1,033,425)	294,768	1,328,193
FUND BALANCE - BEGINNING OF YEAR	1,275,787	1,275,787	-
FUND BALANCE - END OF YEAR	<u>\$ 242,362</u>	<u>\$ 1,570,555</u>	<u>\$ 1,328,193</u>

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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 6,433,100	\$ 1,834,469	\$ (4,598,631)
Investment and rental	8,000	24,719	16,719
TOTAL REVENUES	6,441,100	1,859,188	(4,581,912)
EXPENDITURES:			
Current:			
Public works	5,672,000	730,644	4,941,356
EXCESS OF REVENUES OVER EXPENDITURES	769,100	1,128,544	359,444
OTHER FINANCING USES:			
Transfers out	(7,446,900)	(530,130)	6,916,770
NET CHANGE IN FUND BALANCE	(6,677,800)	598,414	7,276,214
FUND BALANCE - BEGINNING OF YEAR	869,317	869,317	-
FUND BALANCE - END OF YEAR	<u>\$ (5,808,483)</u>	<u>\$ 1,467,731</u>	<u>\$ 7,276,214</u>

CITY OF PICO RIVERA

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

MEASURE M SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 757,300	\$ 674,983	\$ (82,317)
Investment and rental	-	3,719	3,719
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	757,300	678,702	(78,598)
OTHER FINANCING USES:			
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	757,300	678,702	(78,598)
FUND BALANCE - BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>
	-	-	-
FUND BALANCE - END OF YEAR	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 757,300	\$ 678,702	\$ (78,598)

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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment and rental	\$ -	\$ 346,939	\$ 346,939
EXPENDITURES:			
Current:			
Community development	908,205	-	908,205
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(908,205)	346,939	1,255,144
FUND BALANCE - BEGINNING OF YEAR	1,274,433	1,274,433	-
FUND BALANCE - END OF YEAR	<u>\$ 366,228</u>	<u>\$ 1,621,372</u>	<u>\$ 1,255,144</u>

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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ -
Investment and rental	-	2,750	2,750
Miscellaneous	-	57,478	57,478
	<u>-</u>	<u>60,228</u>	<u>60,228</u>
TOTAL REVENUES	-	60,228	60,228
EXPENDITURES:			
Current:			
Community development	251,300	-	251,300
	<u>251,300</u>	<u>-</u>	<u>251,300</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(251,300)	60,228	311,528
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>249,137</u>	<u>249,137</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (2,163)</u>	<u>\$ 309,365</u>	<u>\$ 311,528</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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 80,000	\$ 77,560	\$ (2,440)
Investment and rental	1,500	3,910	2,410
TOTAL REVENUES	81,500	81,470	(30)
EXPENDITURES:			
Current:			
Public works	159,022	37,105	121,917
NET CHANGE IN FUND BALANCE	(77,522)	44,365	121,887
FUND BALANCE - BEGINNING OF YEAR	336,821	336,821	-
FUND BALANCE - END OF YEAR	<u>\$ 259,299</u>	<u>\$ 381,186</u>	<u>\$ 121,887</u>

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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 246,880	\$ 614,775	\$ 367,895
Investment and rental	1,000	1,923	923
Miscellaneous	-	18,000	18,000
	<u>247,880</u>	<u>634,698</u>	<u>386,818</u>
TOTAL REVENUES	247,880	634,698	386,818
EXPENDITURES:			
Current:			
Health and welfare	<u>360,295</u>	<u>254,800</u>	<u>105,495</u>
	(112,415)	379,898	492,313
EXCESS OF REVENUES OVER EXPENDITURES	(112,415)	379,898	492,313
OTHER FINANCING USES:			
Transfers out	<u>(22,000)</u>	<u>-</u>	<u>22,000</u>
NET CHANGE IN FUND BALANCE	(134,415)	379,898	514,313
FUND BALANCE - BEGINNING OF YEAR	<u>(236,546)</u>	<u>(236,546)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (370,961)</u></u>	<u><u>\$ 143,352</u></u>	<u><u>\$ 514,313</u></u>

CITY OF PICO RIVERA

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

ECONOMIC SUSTAINABILITY SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment and rental	\$ 10,000	\$ 20,687	\$ 10,687
EXPENDITURES:			
Current:			
Community development	<u>2,059,100</u>	<u>340,236</u>	<u>1,718,864</u>
EXCESS OF REVENUES OVER EXPENDITURES	(2,049,100)	(319,549)	1,729,551
OTHER FINANCING USES:			
Transfers out	<u>-</u>	<u>(90,763)</u>	<u>(90,763)</u>
NET CHANGE IN FUND BALANCE	(2,049,100)	(410,312)	1,638,788
FUND BALANCE - BEGINNING OF YEAR	<u>2,144,394</u>	<u>2,144,394</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 95,294</u>	<u>\$ 1,734,082</u>	<u>\$ 1,638,788</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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 100,000	\$ 200,916	\$ 100,916
Investment and rental	3,000	3,700	700
TOTAL REVENUES	103,000	204,616	101,616
OTHER FINANCING USES:			
Transfers out	(50,500)	-	50,500
NET CHANGE IN FUND BALANCE	52,500	204,616	152,116
FUND BALANCE - BEGINNING OF YEAR	212,187	212,187	-
FUND BALANCE - END OF YEAR	<u>\$ 264,687</u>	<u>\$ 416,803</u>	<u>\$ 152,116</u>

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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes and assessments	\$ -	\$ 3,909	\$ 3,909
EXPENDITURES:			
Current:			
General government	608,455	205,372	403,083
Public works	16,200	1,250	14,950
TOTAL EXPENDITURES	624,655	206,622	418,033
EXCESS OF REVENUES UNDER EXPENDITURES	(624,655)	(202,713)	421,942
OTHER FINANCING USES:			
Transfers out	(19,200)	(20,000)	(800)
NET CHANGE IN FUND BALANCE	(643,855)	(222,713)	421,142
FUND BALANCE - BEGINNING OF YEAR	828,078	828,078	-
FUND BALANCE - END OF YEAR	<u>\$ 184,223</u>	<u>\$ 605,365</u>	<u>\$ 421,142</u>

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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes and assessments	\$ 10,000	\$ 26,242	\$ 16,242
Intergovernmental	900,000	897,080	(2,920)
Investment and rental	3,000	7,025	4,025
Miscellaneous	-	1,920	1,920
	<u>913,000</u>	<u>932,267</u>	<u>19,267</u>
TOTAL REVENUES	913,000	932,267	19,267
EXPENDITURES:			
Current:			
Parks and recreation	<u>1,010,419</u>	<u>945,416</u>	<u>65,003</u>
NET CHANGE IN FUND BALANCE	(97,419)	(13,149)	84,270
FUND BALANCE - BEGINNING OF YEAR	<u>434,365</u>	<u>434,365</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 336,946</u></u>	<u><u>\$ 421,216</u></u>	<u><u>\$ 84,270</u></u>

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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Miscellaneous	\$ 30,000	\$ 4,397	\$ (25,603)
EXPENDITURES:			
Current:			
Public works	90,892	88,006	2,886
EXCESS OF REVENUES UNDER EXPENDITURES	(60,892)	(83,609)	(22,717)
OTHER FINANCING USES:			
Transfers out	(45,000)	(2,510)	42,490
NET CHANGE IN FUND BALANCE	(105,892)	(86,119)	19,773
FUND BALANCE - BEGINNING OF YEAR	185,634	185,634	-
FUND BALANCE - END OF YEAR	<u>\$ 79,742</u>	<u>\$ 99,515</u>	<u>\$ 19,773</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, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 41,800	\$ 11,218	\$ (30,582)
EXPENDITURES:			
Current:			
Public works	-	2,848	(2,848)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	41,800	8,370	(33,430)
OTHER FINANCING USES:			
Transfers out	(32,000)	(9,378)	22,622
NET CHANGE IN FUND BALANCE	9,800	(1,008)	(10,808)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(2,206)	(2,206)	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 7,594</u>	<u>\$ (3,214)</u>	<u>\$ (10,808)</u>

CITY OF PICO RIVERA

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

NARCOTICS FORFEITURE SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Miscellaneous	\$ -	\$ -	\$ -
EXPENDITURES:			
Current:			
Public Safety	<u>4,660</u>	<u>6,155</u>	<u>(1,495)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,660)</u>	<u>(6,155)</u>	<u>(1,495)</u>
NET CHANGE IN FUND BALANCE	(4,660)	(6,155)	(1,495)
FUND BALANCE - BEGINNING OF YEAR	<u>6,155</u>	<u>6,155</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 1,495</u>	<u>\$ -</u>	<u>\$ (1,495)</u>

CITY OF PICO RIVERA

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

PARAMOUNT/MINES LANDSCAPE MAINTENANCE ASSESSMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2018

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes and assessments	\$ 10,000	\$ 9,323	\$ (677)
Investment and rental	-	145	145
	<u>10,000</u>	<u>9,468</u>	<u>(532)</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
Public works	26,500	-	26,500
	<u>(16,500)</u>	<u>9,468</u>	<u>25,968</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>8,176</u>	<u>8,176</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (8,324)</u></u>	<u><u>\$ 17,644</u></u>	<u><u>\$ 25,968</u></u>

This page intentionally left blank.

CITY OF PICO RIVERA

DESCRIPTION OF OTHER ENTERPRISE FUNDS

June 30, 2018

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, 2018

	Sports Arena	Golf Course	Total
ASSETS:			
CURRENT ASSETS:			
Cash and investments	\$ 260,487	\$ 95,289	\$ 355,776
Receivables, net:			
Accounts	-	125	125
Interest	550	-	550
Inventories, at cost	-	24,005	24,005
TOTAL CURRENT ASSETS	261,037	119,419	380,456
NONCURRENT ASSETS:			
Capital assets, not depreciated	3,368	38,945	42,313
Capital assets, depreciated, net	271,722	279,193	550,915
TOTAL NONCURRENT ASSETS	275,090	318,138	593,228
TOTAL ASSETS	536,127	437,557	973,684
DEFERRED OUTFLOWS OF RESOURCES:			
Amount related to pensions	4,399	-	4,399
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	10,001	316,060	326,061
Accrued liabilities	551	14,022	14,573
Due to other funds	-	1,768,294	1,768,294
Deposits	-	17,897	17,897
TOTAL CURRENT LIABILITIES	10,552	2,116,273	2,126,825
NONCURRENT LIABILITIES:			
Net pension liability	21,321	-	21,321
TOTAL LIABILITIES	31,873	2,116,273	2,148,146
DEFERRED INFLOWS OF RESOURCES:			
Amounts related to pensions	672	-	672
NET POSITION:			
Net investment in capital assets	275,090	318,138	593,228
Unrestricted	232,891	(1,996,854)	(1,763,963)
TOTAL NET POSITION	\$ 507,981	\$ (1,678,716)	\$ (1,170,735)

CITY OF PICO RIVERA

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

For the year ended June 30, 2018

	Sports Arena	Golf Course	Total
OPERATING REVENUES:			
Charges for services	\$ 193,702	\$ 983,270	\$ 1,176,972
OPERATING EXPENSES:			
Salaries and benefits	29,423	-	29,423
Contractual services	143,255	99,100	242,355
Insurance claims and expenses	357	-	357
Administrative	-	1,537,630	1,537,630
Utilities	288	277,536	277,824
Repairs and maintenance	-	75,445	75,445
Depreciation	78,673	28,610	107,283
TOTAL OPERATING EXPENSES	251,996	2,018,321	2,270,317
OPERATING GAIN (LOSS)	(58,294)	(1,035,051)	(1,093,345)
NONOPERATING REVENUES:			
Investment income	2,603	-	2,603
TOTAL NONOPERATING REVENUES	2,603	-	2,603
LOSS BEFORE TRANSFERS	(55,691)	(1,035,051)	(1,090,742)
TRANSFERS IN	-	-	-
TRANSFERS OUT	-	-	-
LOSS BEFORE SPECIAL ITEM	(55,691)	(1,035,051)	(1,090,742)
NET POSITION - BEGINNING OF YEAR	563,672	(643,665)	(79,993)
NET POSITION - END OF YEAR	\$ 507,981	\$ (1,678,716)	\$ (1,170,735)

CITY OF PICO RIVERA

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS

For the year ended June 30, 2018

	Sports Arena	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 256,843	\$ 1,270,172	\$ 1,527,015
Payments to suppliers	(153,899)	(2,003,304)	(2,157,203)
Payments to employees	(28,772)	-	(28,772)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>74,172</u>	<u>(733,132)</u>	<u>(658,960)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Proceeds from due to/from other funds	-	598,374	598,374
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>598,374</u>	<u>598,374</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	2,850	-	2,850
NET INCREASE IN CASH AND CASH EQUIVALENTS	77,022	(134,758)	(57,736)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>183,465</u>	<u>230,047</u>	<u>413,512</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 260,487</u>	<u>\$ 95,289</u>	<u>\$ 355,776</u>
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating gain (loss)	<u>\$ (58,294)</u>	<u>\$ (1,035,051)</u>	<u>\$ (1,093,345)</u>
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	63,141	286,902	350,043
Increase in deferred outflows of resources - amount related to pensions	(794)	-	(794)
Increase in accounts payable	(9,999)	5,846	(4,153)
Increase (decrease) in accrued liabilities	(123)	(33,053)	(33,176)
Increase in deposits payable	-	13,614	13,614
Increase in net pension liability	1,798	-	1,798
Decrease in deferred inflows of resources - amounts related to pensions	(230)	-	(230)
TOTAL ADJUSTMENTS	<u>132,466</u>	<u>301,919</u>	<u>434,385</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 74,172</u>	<u>\$ (733,132)</u>	<u>\$ (658,960)</u>

CITY OF PICO RIVERA

DESCRIPTION OF AGENCY FUNDS

June 30, 2018

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. This fund was closed during the fiscal year ended June 30, 2018.

CITY OF PICO RIVERA

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
ASSESSMENT DISTRICT 95-1 IMPROVEMENT AGENCY				
ASSETS:				
Cash and investments	\$ 46,006	\$ 183	\$ (46,189)	\$ -
Interest receivable	183	-	(183)	-
	<u>46,189</u>	<u>-</u>	<u>(46,372)</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 46,189</u>	<u>\$ 183</u>	<u>\$ (46,372)</u>	<u>\$ -</u>
LIABILITIES:				
Due to bondholders	<u>\$ 46,189</u>	<u>\$ -</u>	<u>\$ (46,189)</u>	<u>\$ -</u>

**STATISTICAL SECTION
(UNAUDITED)**

This page intentionally left blank.

CITY OF PICO RIVERA

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2018

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.	156 - 165
<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.	166 - 173
<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.	174 - 180
<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.	181 - 182
<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.	183 - 187

City of Pico Rivera
Net Position by Component
Last Ten Fiscal Years

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Governmental Activities:				
Net investment in capital assets	\$ 210,019,109	\$ 208,640,112	\$ 220,541,904	\$ 231,879,296
Restricted	16,582,070	38,379,173	30,403,287	15,287,855
Unrestricted	<u>(56,761,367)</u>	<u>(60,689,563)</u>	<u>(61,677,209)</u>	<u>43,474,498</u>
Total governmental activities net position	<u>169,839,812</u>	<u>186,329,722</u>	<u>189,267,982</u>	<u>290,641,649</u>
Business-type Activities:				
Net investment in capital assets	25,207,426	25,969,161	26,142,227	26,753,906
Restricted	-	-	-	-
Unrestricted	<u>(20,380,408)</u>	<u>(20,380,408)</u>	<u>(17,300,491)</u>	<u>(17,352,760)</u>
Total business-type activities net position	<u>4,827,018</u>	<u>5,588,753</u>	<u>8,841,736</u>	<u>9,401,146</u>
Primary Government:				
Net investment in capital assets	235,226,535	234,609,273	246,684,131	258,633,202
Restricted	16,582,070	38,379,173	30,403,287	15,287,855
Unrestricted	<u>(77,141,775)</u>	<u>(81,069,971)</u>	<u>(78,977,700)</u>	<u>26,121,738</u>
Total primary government net position	<u>\$ 174,666,830</u>	<u>\$ 191,918,475</u>	<u>\$ 198,109,718</u>	<u>\$ 300,042,795</u>

Source: Statement of Net Position

(Continued)

<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
\$ 232,734,954	\$ 224,917,267	\$ 224,650,021	\$231,562,736	\$ 223,976,465	\$ 230,499,724
12,426,012	13,016,383	14,236,953	11,854,987	13,274,422	16,360,144
<u>39,163,377</u>	<u>43,883,873</u>	<u>22,142,254</u>	<u>23,639,282</u>	<u>25,960,550</u>	<u>18,735,128</u>
<u>284,324,343</u>	<u>281,817,523</u>	<u>261,029,228</u>	<u>267,057,005</u>	<u>263,211,437</u>	<u>265,594,996</u>
30,079,954	30,964,232	31,370,373	31,761,672	32,604,651	33,236,723
-	-	-	-	-	-
<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>(13,570,480)</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>	<u>19,666,243</u>
262,814,908	255,881,499	256,020,394	263,324,408	256,581,116	263,736,447
12,426,012	13,016,383	14,236,953	11,854,987	13,274,422	16,360,144
<u>21,690,314</u>	<u>27,671,260</u>	<u>3,677,017</u>	<u>7,253,595</u>	<u>12,369,908</u>	<u>5,164,648</u>
<u>\$ 296,931,234</u>	<u>\$ 296,569,142</u>	<u>\$ 273,934,364</u>	<u>\$282,432,990</u>	<u>\$ 282,225,446</u>	<u>\$ 285,261,239</u>

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

	2008-09	2009-10	2010-11	2010-12
Expenses:				
Governmental Activities:				
General government	\$ 8,300,976	\$ 9,087,368	\$ 9,619,197	\$ 10,557,055
Public safety	11,500,096	11,789,557	11,967,857	10,690,805
Public works	11,253,226	12,773,969	12,572,806	12,591,487
Parks and recreation	6,392,928	4,827,825	5,193,153	5,901,305
Health and welfare	5,782,085	6,204,855	6,019,153	5,705,432
Community development	7,628,250	9,520,485	7,273,354	5,594,519
Interest	4,150,720	5,442,996	7,555,355	3,522,364
Total governmental activities net expenses	<u>55,008,281</u>	<u>59,647,055</u>	<u>60,200,875</u>	<u>54,562,967</u>
Business-type Activities:				
Water	8,350,672	8,384,403	8,627,134	8,833,293
PRIME				
Other enterprise funds	1,244,232	1,220,568	1,047,804	1,091,400
Total business-type activities net expenses	<u>9,594,904</u>	<u>9,604,971</u>	<u>9,674,938</u>	<u>9,924,693</u>
Total primary government expenses	<u>\$ 64,603,185</u>	<u>\$ 69,252,026</u>	<u>\$ 69,875,813</u>	<u>\$ 64,487,660</u>
Program Revenues:				
Governmental Activities:				
Charges for services:				
General government	\$ 378,258	\$ 651,638	\$ 549,034	\$ 202,481
Public safety	1,677,312	1,903,379	1,790,155	1,334,872
Public works	1,481,482	1,395,780	1,437,222	737,184
Parks and recreation	145,290	174,904	242,014	759,564
Health and welfare	498,341	453,691	490,655	264,396
Community development	442,497	504,849	505,099	585,021
Operating contributions and grants	15,843,154	13,503,809	20,509,748	11,863,231
Capital contributions and grants	16,790,897	2,721,543	-	13,830,665
Total governmental activities program revenues	<u>37,257,231</u>	<u>21,309,593</u>	<u>25,523,927</u>	<u>29,577,414</u>
Business-type Activities:				
Charges for services:				
Water utility	5,338,217	5,647,751	6,635,615	7,371,154
PRIME				
Other enterprise funds	1,103,241	1,063,497	932,962	944,337
Capital contributions and grants	-	-	-	-
Total business-type activities program revenues	<u>6,441,458</u>	<u>6,711,248</u>	<u>7,568,577</u>	<u>8,315,491</u>
Primary government program revenues	<u>\$ 43,698,689</u>	<u>\$ 28,020,841</u>	<u>\$ 33,092,504</u>	<u>\$ 37,892,905</u>
Net (Expense)/Revenue:				
Governmental activities	\$ (17,751,050)	\$ (38,337,462)	\$ (34,676,948)	\$ (24,985,553)
Business-type activities	<u>(3,153,446)</u>	<u>(2,893,723)</u>	<u>(2,106,361)</u>	<u>(1,609,202)</u>
Total primary government net expense	<u>\$ (20,904,496)</u>	<u>\$ (41,231,185)</u>	<u>\$ (36,783,309)</u>	<u>\$ (26,594,755)</u>

Source: City of Pico Rivera Finance Division

(Continued)

2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$ 8,339,448	\$ 9,954,786	\$ 9,248,597	\$ 8,790,816	\$ 10,048,704	\$ 8,190,494
10,946,303	11,202,782	10,457,770	10,468,357	12,330,023	11,885,957
12,843,460	10,498,605	14,545,183	14,472,969	15,104,130	12,488,922
5,483,656	5,422,037	5,600,669	5,585,521	6,263,237	7,146,278
5,678,172	5,339,488	4,840,878	5,266,352	5,587,157	5,311,548
2,207,716	2,511,556	2,761,524	2,827,231	2,540,908	4,407,647
975,580	1,742,562	1,656,613	1,626,960	2,628,006	1,013,498
<u>46,474,335</u>	<u>46,671,816</u>	<u>49,111,234</u>	<u>49,038,206</u>	<u>54,502,165</u>	<u>50,444,344</u>
7,846,884	8,386,111	8,044,302	7,865,853	8,155,205	8,382,375
980,618	1,054,837	1,320,585	1,624,391	1,622,319	4,900,927
<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>2,270,317</u>
<u>\$ 55,301,837</u>	<u>\$ 56,112,764</u>	<u>\$ 58,476,121</u>	<u>\$ 58,528,450</u>	<u>\$ 64,279,689</u>	<u>\$ 65,997,963</u>
\$ 138,144	\$ 497,518	\$ 574,846	\$ 606,726	\$ 739,432	\$ 493,265
1,226,044	1,207,766	1,125,660	1,022,464	962,627	1,044,921
751,194	744,905	1,821,210	1,788,821	786,053	801,487
763,094	693,884	743,400	578,529	773,631	791,906
142,291	188,767	232,824	202,262	174,314	198,238
468,266	712,626	644,344	746,395	873,536	1,196,287
12,357,708	13,322,885	12,236,612	12,817,403	11,093,802	16,678,586
7,346,536	2,378,797	2,287,187	1,620,798	778,116	2,874,341
<u>23,193,277</u>	<u>19,747,148</u>	<u>19,666,083</u>	<u>19,383,398</u>	<u>16,181,511</u>	<u>24,079,031</u>
7,866,087	8,909,351	8,698,444	8,304,240	8,819,676	9,802,992
898,336	921,432	996,548	1,302,652	1,478,893	5,354,524
<u>8,764,423</u>	<u>9,830,783</u>	<u>9,694,992</u>	<u>9,606,892</u>	<u>10,298,569</u>	<u>1,176,972</u>
<u>\$ 31,957,700</u>	<u>\$ 29,577,931</u>	<u>\$ 29,361,075</u>	<u>\$ 28,990,290</u>	<u>\$ 26,480,080</u>	<u>\$ 40,413,519</u>
\$ (23,281,058)	\$ (26,924,668)	\$ (29,445,151)	\$ (29,654,808)	\$ (38,320,654)	\$ (26,365,313)
(63,079)	389,835	330,105	116,648	521,045	780,869
<u>\$ (23,344,137)</u>	<u>\$ (26,534,833)</u>	<u>\$ (29,115,046)</u>	<u>\$ (29,538,160)</u>	<u>\$ (37,799,609)</u>	<u>\$ (25,584,444)</u>

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

	2008-09	2009-10	2010-11	2011-12
General Revenues and Other Changes				
in Net Position:				
Governmental Activities:				
Property taxes	\$ 15,544,899	\$ 15,116,791	\$ 15,783,650	\$ 8,468,881
Sales taxes	8,974,814	13,074,986	13,492,573	13,589,387
Franchise taxes	1,281,687	1,155,951	1,180,286	1,212,463
Utility users taxes	3,949,567	3,669,717	3,455,256	3,365,218
Other taxes	1,422,862	1,331,305	1,324,669	1,510,718
Unrestricted motor vehicle license in lieu	-	-	-	3,538,844
Investment Earnings	1,744,699	1,372,901	1,393,205	1,399,894
Other	160,844	241,124	269,191	130,451
Transfers	856,287	460,309	(2,510,743)	136,520
Gain on sale of property				162,675
Special Item	-	-	3,227,121	124,908,663
Total governmental activities	<u>33,935,659</u>	<u>36,423,084</u>	<u>37,615,208</u>	<u>158,423,714</u>
Business-type Activities:				
Investment Earnings	2,640,365	2,591,363	2,847,404	2,449,432
Other	(9,196)	4,696	-	-
Transfers	(856,287)	(460,309)	2,511,939	(136,520)
Extraordinary item				
Total business-type activities	<u>1,774,882</u>	<u>2,135,750</u>	<u>5,359,343</u>	<u>2,312,912</u>
Total primary government	<u>\$ 35,710,541</u>	<u>\$ 38,558,834</u>	<u>\$ 42,974,551</u>	<u>\$ 160,736,626</u>
Change in Net Position:				
Governmental activities	\$ 16,184,609	\$ (1,914,378)	\$ 2,938,260	\$ 133,438,161
Business-type activities	<u>(1,378,564)</u>	<u>(757,973)</u>	<u>3,252,982</u>	<u>703,710</u>
Total primary government	<u>\$ 14,806,045</u>	<u>\$ (2,672,351)</u>	<u>\$ 6,191,242</u>	<u>\$ 134,141,871</u>

Source: City of Pico Rivera Finance Division

(Continued)

2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$ 8,941,441	\$ 9,269,468	\$ 9,611,244	\$ 10,049,454	\$ 10,591,691	\$ 11,173,640
15,028,866	16,435,053	16,368,367	17,766,538	17,637,948	17,575,729
1,683,174	1,641,171	1,646,884	1,654,275	1,582,026	1,703,255
3,397,538	3,504,363	3,525,036	3,385,361	3,276,321	3,142,090
1,595,125	1,710,630	1,760,876	1,850,151	1,632,337	1,807,130
209,340	39,582	151,636	193,684	347,422	637,086
125,691	139,486	613,592	283,352	450,783	662,225
371,165	648,626	611,727	479,232	(1,043,442)	42,027
205,756	104,912	257,194	174,424	-	-
(10,921,476)	(9,075,443)	1,059,577	(704,496)	-	-
<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>	<u>36,743,182</u>
2,367,181	2,308,060	2,226,339	2,128,937	2,073,537	2,025,078
4,898	95,459	12,179			
(371,165)	(648,626)	(611,727)	(479,232)	1,043,442	(42,027)
(149,583)			704,496		
<u>1,851,331</u>	<u>1,754,893</u>	<u>1,626,791</u>	<u>2,354,201</u>	<u>3,116,979</u>	<u>1,983,051</u>
<u>\$ 22,487,951</u>	<u>\$ 26,172,741</u>	<u>\$ 37,232,924</u>	<u>\$ 37,486,176</u>	<u>\$ 37,592,065</u>	<u>\$ 38,726,233</u>
\$ (2,644,438)	\$ (2,506,820)	\$ 5,670,084	\$ 5,477,167	\$ 8,109,773	\$ 36,743,182
<u>1,788,252</u>	<u>2,144,728</u>	<u>1,756,896</u>	<u>2,470,849</u>	<u>3,897,848</u>	<u>1,983,051</u>
<u>\$ (856,186)</u>	<u>\$ (362,092)</u>	<u>\$ 7,426,980</u>	<u>\$ 7,948,016</u>	<u>\$ 12,007,621</u>	<u>\$ 38,726,233</u>

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

	2008-09	2009-10	2010-11	2011-12
General Fund:				
Nonspendable	\$ -	\$ -	\$ 27,187,687	\$ 28,313,381
Restricted	-	-	-	2,334,609
Committed	-	-	5,500,000	9,030,031
Assigned	-	-	6,000,000	3,267,506
Unassigned	-	-	3,767,252	-
Reserved	35,849,151	34,922,021	-	-
Unreserved	8,569,891	8,016,575	-	-
Total general fund	<u>\$ 44,419,042</u>	<u>\$ 42,938,596</u>	<u>\$ 42,454,939</u>	<u>\$ 42,945,527</u>
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ 6,232,910	\$ 2,523,366
Restricted	-	-	30,425,516	26,063,969
Committed	-	-	452,101	1,435,352
Assigned	-	-	-	-
Unassigned	-	-	(62,865,626)	(2,868,577)
Reserved	9,137,369	35,797,844	-	-
Unreserved, reported in:				
Special revenue funds	8,578,604	13,132,481	-	-
Debt Service funds	(35,126,372)	(36,446,232)	-	-
Capital projects funds	(27,696,411)	(28,959,913)	-	-
Total all other governmental funds	<u>\$ (45,106,810)</u>	<u>\$ (16,475,820)</u>	<u>\$ (25,755,099)</u>	<u>\$ 27,154,110</u>

Note: Please refer to MD&A for governmental fund balance change

Source: City of Pico Rivera Finance Division

(Continued)

2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$ 25,222,739	\$ 25,222,739	\$ 25,222,739	\$ 25,198,662	\$ 25,209,917	\$ 25,168,800
2,334,811	2,446,856	2,358,919	2,368,600	-	-
5,974,566	9,330,000	9,316,732	9,479,500	9,476,700	9,665,400
6,745,120	8,285,480	10,272,833	14,376,800	14,426,700	13,856,200
50,490	48,092	4,341,395	12,882,331	10,851,445	12,063,120
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 40,327,726</u>	<u>\$ 45,333,167</u>	<u>\$ 51,512,618</u>	<u>\$ 64,305,893</u>	<u>\$ 59,964,762</u>	<u>\$ 60,753,520</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,508
14,808,900	10,669,538	11,366,458	11,074,536	12,927,436	15,566,814
-	-	-	-	-	-
600,000	600,000	600,000	600,000	600,000	-
(3,012,144)	(3,335,743)	(2,869,762)	(2,141,161)	(1,749,394)	(1,607,854)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 12,396,756</u>	<u>\$ 7,933,795</u>	<u>\$ 9,096,696</u>	<u>\$ 9,533,375</u>	<u>\$ 11,778,042</u>	<u>\$ 13,963,468</u>

City of Pico Rivera

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2008-09	2009-10	2010-11	2011-12	2012-13
Revenues:					
Taxes and Assessments	\$ 26,991,628	\$ 28,372,572	\$ 30,124,045	\$ 32,535,703	\$ 30,782,011
Licenses and permits	2,467,780	2,385,338	2,383,531	2,031,210	1,912,315
Intergovernmental	37,817,192	21,247,209	25,328,804	23,513,337	18,257,848
Charges for services	912,699	946,283	1,022,761	1,464,180	1,717,790
Fines, forfeitures and penalties	1,431,160	1,672,249	1,570,919	1,412,268	1,234,368
Investment income	649,870	272,772	384,739	2,153,121	398,030
Miscellaneous	406,793	1,174,332	599,492	439,343	951,402
Gain on sale of land held for resale	-	-	-	-	-
Extraordinary item	-	-	3,227,121	85,312,816	(5,029,315)
Total revenues	70,677,122	56,070,755	64,641,412	148,861,978	50,224,449
Expenditures:					
General government	7,016,966	7,932,963	7,532,962	7,678,136	6,555,866
Public safety	11,310,373	11,590,148	11,966,119	10,689,067	10,940,211
Public works	7,669,990	9,490,395	8,944,383	9,590,287	7,976,019
Parks and recreation	5,927,669	4,360,552	4,931,000	5,672,110	4,967,899
Health and welfare	5,594,202	6,007,234	6,019,153	5,705,431	5,678,172
Community development	1,974,838	3,985,823	2,213,041	3,135,781	2,189,841
Pass through to other agencies	5,453,346	5,325,197	5,047,046	2,440,863	-
Loss on sale of land held for resale	-	-	-	-	-
Capital outlay	22,156,323	8,888,280	20,301,111	22,905,936	20,528,630
Debt service:					
Principal retirement	-	-	-	-	560,000
Interest and other charges	4,099,386	6,109,167	4,938,688	3,588,338	1,094,198
Bond issuance costs	-	-	-	-	-
payments to refunding escrow agent	-	-	-	-	-
Total expenditures	71,203,093	63,689,759	71,893,503	71,405,949	60,490,836
Excess (deficiency) of revenues over (under) expenditures	(525,971)	(7,619,004)	(7,252,091)	77,456,029	(10,266,387)
Other Financing Sources (Uses):					
Transfers in	36,860,403	41,990,633	28,026,405	34,505,092	24,558,694
Transfers out	(36,004,116)	(41,428,840)	(30,537,148)	(34,368,572)	(31,667,462)
Bond issuance	-	32,860,000	-	-	-
Bond premium	-	1,347,755	-	-	-
Payments to refunding escrow agent	-	-	-	-	-
Total other financing sources (uses)	856,287	34,769,548	(2,510,743)	136,520	(7,108,768)
Special Item:					
Forgiveness of debt	-	-	-	-	-
Net change in fund balances	330,316	27,150,544	(9,762,834)	77,592,549	(17,375,155)
Fund balances - July 1	(1,018,084)	(687,768)	26,462,776	(7,492,912)	70,099,637
Fund balances - June 30	\$ (687,768)	\$ 26,462,776	\$ 16,699,942	\$ 70,099,637	\$ 52,724,482
Debt service as a percentage of noncapital expenditures	8.36%	11.15%	9.57%	7.40%	4.14%

(Continued)

2013-14	2014-15	2015-16	2016-17	2017-18
\$ 33,100,095	\$ 34,083,110	\$ 35,534,141	\$ 34,592,924	\$ 35,567,380
2,320,618	2,363,477	2,491,636	2,442,190	2,960,639
10,891,308	11,703,565	12,214,500	11,927,598	13,433,014
1,964,785	1,889,338	1,871,009	2,124,665	1,851,030
1,224,540	1,134,906	1,031,031	898,203	1,002,532
244,614	336,077	341,746	488,369	812,776
1,333,203	2,535,295	785,171	538,177	5,593,359
-	-	-	-	-
-	-	-	-	-
51,079,163	54,045,768	54,269,234	53,012,126	61,220,730
7,183,738	6,884,398	6,805,810	11,589,000	12,938,296
11,188,047	10,435,184	10,439,469	12,305,110	11,857,271
8,561,977	9,621,311	9,707,823	10,255,784	14,095,351
4,890,183	4,794,720	4,554,724	5,374,259	6,122,665
5,339,488	4,840,878	5,266,352	5,587,157	5,311,548
2,490,769	2,730,123	2,787,070	2,506,272	4,367,766
-	-	-	-	-
-	-	-	-	-
7,719,114	5,175,862	7,287,913	2,453,883	1,547,832
585,000	610,000	635,000	980,000	865,000
1,734,538	1,710,638	1,682,562	655,944	1,061,150
-	-	-	520,424	-
-	-	-	2,368,685	-
49,692,854	46,803,114	49,166,723	54,596,518	58,166,879
1,386,309	7,242,654	5,102,511	(1,584,392)	3,053,851
11,719,264	7,618,952	19,274,660	3,986,323	3,309,866
(12,118,893)	(7,987,933)	(10,488,538)	(5,029,765)	(3,767,839)
-	-	-	30,470,000	-
-	-	-	3,082,378	-
-	-	-	(33,021,008)	-
(399,629)	(368,981)	8,786,122	(512,072)	(457,973)
-	-	(90,000)	-	-
986,680	6,873,673	13,798,633	(2,096,464)	2,595,878
52,180,282	53,166,962	60,040,635	73,839,268	72,121,110
\$ 53,166,962	\$ 60,040,635	\$ 73,839,268	\$ 71,742,804	\$ 74,716,988
5.53%	5.57%	5.53%	8.68%	3.40%

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	Franchise Tax	Utility Users Tax	Business License Tax	Total
2008-09	\$ 15,544,899	\$ 8,974,814	\$ 359,567	\$ 5,909,671	\$ 1,281,687	\$ 3,949,567	\$ 1,253,563	\$ 37,273,768
2009-10	15,116,794	13,074,986	252,242	5,743,907	1,155,951	3,669,717	1,171,003	40,184,600
2010-11	15,783,650	13,492,573	303,971	5,792,818	1,180,286	3,455,256	1,195,847	41,204,401
2011-12	8,468,881	13,589,387	309,423	3,538,844	1,212,463	3,365,218	1,201,295	31,685,511
2012-13	8,941,441	15,028,866	333,243	12,842	1,683,174	3,397,538	1,249,040	30,646,144
2013-14	9,269,468	16,435,053	367,804	28,547	1,641,171	3,504,363	1,342,826	32,589,232
2014-15	9,611,244	16,368,367	390,666	27,575	1,646,884	3,525,036	1,370,210	32,939,982
2015-16	10,049,454	17,766,538	417,938	25,896	1,654,275	3,385,361	1,432,213	34,731,675
2016-17	10,591,691	17,637,948	422,313	28,793	1,582,026	3,276,231	1,210,024	34,749,026
2017-18	<u>11,173,640</u>	<u>17,575,729</u>	<u>424,542</u>	<u>33,713</u>	<u>1,703,255</u>	<u>3,142,090</u>	<u>1,382,588</u>	<u>35,435,557</u>
Change from Base Year 2008-09	<u>-28%</u>	<u>96%</u>	<u>18%</u>	<u>-99%</u>	<u>33%</u>	<u>-20%</u>	<u>10%</u>	<u>-5%</u>

Source: City of Pico Rivera Finance Division

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	Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2008-09	\$ 2,716,407,785	\$ 434,983,733	\$ 503,086,606	\$ 272,355,190	\$ 1,820,837	\$ 3,928,654,151	0.2480
2009-10	2,576,039,499	476,070,257	520,722,691	260,933,259	1,857,252	3,835,622,958	0.2602
2010-11	2,523,223,764	476,743,838	530,659,538	260,535,627	1,852,848	3,793,015,615	0.2604
2011-12	2,556,723,405	507,725,955	537,870,643	257,515,511	1,866,797	3,861,702,311	0.2636
2012-13	2,593,491,912	514,240,434	563,598,205	258,304,110	1,904,130	3,931,538,791	0.2639
2013-14	2,698,550,967	528,061,894	591,638,354	245,353,016	1,942,210	4,065,546,441	0.0941
2014-15	2,849,419,991	534,153,757	608,797,600	255,121,685	1,951,026	4,249,444,059	0.0938
2015-16	3,004,411,938	550,436,822	623,317,693	263,566,626	1,990,006	4,443,723,085	0.0936
2016-17	3,157,571,430	572,434,427	644,340,185	261,458,977	2,020,352	4,443,723,085	0.0933
2017-18	3,334,334,379	590,956,777	695,508,846	292,833,875	2,060,757	4,915,694,634	0.0930

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

Source: Los Angeles County Assessor

This page intentionally left blank.

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 (includes refunds)	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENT OF LEVY		AMOUNT	FINAL PERCENT OF LEVY
2008-09	\$ 2,209,373	\$ 2,075,685	93.95%	\$ 56,211	\$ 2,131,896	96.49%
2009-10	2,500,000	2,000,000	80.00%	35,000	2,035,000	81.40%
2010-11	2,245,949	2,157,293	96.05%	29,681	2,186,974	97.37%
2011-12	2,250,274	2,037,518	90.55%	99,703	2,137,221	94.98%
2012-13	2,313,210	2,240,076	96.84%	38,305	2,278,381	98.49%
2013-14	2,388,030	2,311,646	96.80%	38,725	2,350,371	98.42%
2014-15	2,511,683	2,425,171	96.56%	20,888	2,446,059	97.39%
2015-16	2,552,922	2,511,115	98.36%	-	2,511,115	98.36%
2016-17	2,674,309	2,638,929	98.68%	-	2,638,929	98.68%
2017-18	2,840,017	2,798,898	98.55%	-	2,798,898	98.55%

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.

Source: County Assessor General Ledger, MuniServices, LLC

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

Agency	2008/09	2009/10	2010/11	2011/12	2012/13
Basic Levy	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000
El Rancho Unified School District	0.08107	0.08527	0.09161	0.09800	0.09985
LA Community College District	0.02212	0.02311	0.04031	0.03530	0.04875
LA County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
Little Lake City School District	0.07360	0.07233	0.07647	0.05286	0.06942
Los Nietos School District	0.02680	0.02885	0.03213	0.03420	0.03351
Metropolitan Water District	0.00430	0.00430	0.00370	0.00370	0.00350
Montebello Unified School District	0.08063	0.09673	0.09792	0.10001	0.09630
Rio Hondo Community College Dist	0.02320	0.02714	0.03439	0.03418	0.02812
Whittier City School District	0.03365	0.03443	0.03494	0.03354	0.03439
Whittier Union High School Dist	0.03728	0.04224	0.04239	0.04317	0.04556
Total Direct & Overlapping Tax Rate	1.38265	1.41440	1.45386	1.43496	1.45940
City's Share of 1% Levy Per Prop 13	0.08917	0.08917	0.08917	0.08917	0.08917
City Redevelopment Rate	1.00430	1.00430	1.00370	1.00370	0.00000
Total Direct Rate	0.24804	0.26015	0.26043	0.26358	0.26391

(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.

(Continued)

2013/14	2014/15	2015/16	2016/17	2017/18
1.00000	1.00000	1.00000	1.00000	1.00000
0.00000	0.00000	0.00000	0.00000	0.00000
0.09571	0.09907	0.09630	0.09627	0.19173
0.04454	0.04017	0.03575	0.03596	0.04599
0.00000	0.00000	0.00000	0.00000	0.00000
0.08537	0.07964	0.06522	0.00000	0.00000
0.02810	0.03041	0.08062	0.07063	0.08396
0.00350	0.00350	0.00350	0.00350	0.00350
0.09457	0.08750	0.08715	0.14705	0.13514
0.02892	0.02821	0.02712	0.02808	0.02748
0.06110	0.05792	0.05757	0.05441	0.04781
0.04473	0.05270	0.05063	0.06035	0.05781
1.48654	1.47912	1.50386	1.49625	1.59342
0.08917	0.08917	0.08917	0.08917	0.08917
0.00000	0.00000	0.00000	0.00000	0.00000
0.09412	0.09381	0.09355	0.09330	0.09301

City of Pico Rivera

Principal Property Taxpayers

Current Fiscal Year and Nine Fiscal Years Ago

Taxpayer	2017-18		2008/09	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Vestar California Xxvi LLC	\$ 73,094,475	1.49%	\$ 35,676,638	0.91%
Majestic Amb Pico Rivera	44,796,102	0.91%	40,318,137	1.03%
Paramount Pico Rivera Industrial LLC	43,043,374	0.88%	-	-
Iron Mountain Information	39,141,106	0.80%	-	-
Wal Mart Real Estate Business	37,171,488	0.76%	32,213,527	0.82%
Pico Rivera Holding LVT	34,632,305	0.70%	-	0.00%
General American Life Insurance	29,352,638	0.60%	25,935,069	0.66%
Showprop Pico Rivera LLC	27,360,877	0.56%	-	-
Burke Street Fee Owner LLC	27,101,734	0.55%	-	-
GGF Pico Rivera LLC	26,146,454	0.53%	24,402,697	0.62%
Princeton Medical Holdings LLC	-	-	30,600,000	0.78%
TRF Crossroads LLC	-	-	20,269,993	0.52%
Dav C Bacara LLC	-	-	19,329,525	0.49%
Rex Road LLC	-	-	19,050,805	0.48%
Target Corporation	-	-	18,738,554	0.48%
	<u>\$ 381,840,553</u>	<u>7.77%</u>	<u>\$ 266,534,945</u>	<u>6.78%</u>

Excludes government and tax-exempt property owners

Total City Value for 2008/09	\$ 3,928,654,151
Total City Value for 2017/18	\$ 4,915,694,634

Source: Los Angeles County Assessor 2017/18 and 2008/09 Combined Tax Rolls

City of Pico Rivera

Top 25 Sales Tax Producers

Current Fiscal Year and Nine Fiscal Years Ago

Fiscal Year 2017-18			Fiscal Year 2008-09		
	Taxpayers	Business Type		Taxpayers	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	Calply	Building Materials		Chevron	Service Stations
4	Chevron	Service Stations		Chevron	Service Stations
5	Cintas	Business Services		Cintas	Business Services
6	Dal Rae Restaurant	Fine Dining		Circle K	Service Stations
7	Food 4 Less	Grocery Stores		Food 4 Less	Grocery Stores
8	Foundation Building Materials	Building Materials		GE Mobile Water	Building Services
9	Health Consultants	Business Services		Home Depot	Building Materials
10	Home Depot	Building Materials		Kwik/AI Sal Oil	Service Stations
11	In N Out Burgers	Quick-Service Restaurants		L & W Supply	Contractors
12	Lowes	Lumber/Building Materials		Lowes	Building Materials
13	Marshalls	Family Apparel		Marshalls	Family Apparel
14	McDonalds	Quick-Service Restaurants		McDonalds	Quick-Service Restaurants
15	Oxnard Building Materials	Contractors		Pico Rivera Gas and Carwash	Service Stations
16	Ross	Family Apparel		Ross	Family Apparel
17	Rush Peterbilt Truck Center	New Motor Vehicle Dealer		Rush Peterbilt Truck Center	New Motor Vehicle Dealer
18	Saw Service of America	Heavy Industrial		Saw Service of America	Heavy Industrial
19	Target	Discount Dept Stores		So Cal Material Handling	Warehse/Farm/Const. Equip.
20	Toshiba America Bus Solutions	Office Equipment		Target	Discount Dept Stores
21	Unisource	Office Supplies/Furniture		Tesoro Refining & Marketing	Service Stations
22	United Oil	Service Stations		Unisource	Office Supplies/Furniture
23	United Rentals	Repair Shop/Equip. Rentals		United Oil	Service Stations
24	USA Gasoline	Service Stations		United Rentals	Repair Shop/Equip. Rentals
25	Wal Mart	Discount Dept Stores		Walmart Supercenter	Discount Dept Stores

Percentage of Fiscal Year Total Paid by Top 25 Accounts =

2017/18	61.65%
2008/09	63.75%

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

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

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

Fiscal Year	Governmental Activities				Business-Type Activities		
	County Deferral	Net Pension Obligation (3)	Net OPEB Obligation (4)	Finance Authority Revenue Bonds (1)	Revenue Bonds	Net Pension Obligation (3)	Net OPEB Obligation (4)
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	- (2)	-	-	33,475,542	48,155,000	-	-
2013-14	- (2)	-	-	32,845,617	46,422,768	-	-
2014-15	- (2)	24,172,149	-	32,190,692	44,404,619	3,474,478	-
2015-16	- (2)	25,366,413	-	31,510,767	42,271,468	3,646,800	-
2016-17	- (2)	28,485,966	-	32,438,350	40,013,319	4,096,656	-
2017-18	- (2)	31,078,035	20,522,460	31,439,322	37,620,169	4,473,787	1,857,540

- (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.
- (3) City implement GASB 68 in FY 1415 and recognize pension obligation.
- (4) City implement GASB 75 in FY 17-18 and recognize OPEB obligation.

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Debt Per Capita</u>
93,508,309	8.90%	1,403
116,466,292	10.06%	1,849
126,696,954	10.94%	2,011
84,015,467	7.36%	1,331
81,630,542	7.03%	1,295
79,268,385	6.69%	1,241
104,241,938	8.68%	1,631
102,795,448	8.66%	1,599
105,034,291	8.84%	1,634
126,991,313	10.64%	1,983

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	Debt Per Capita
2008-09	-	-	-	0.000%	-
2009-10	-	34,170,317	34,170,317	0.891%	493.02
2010-11	-	34,170,317	34,170,317	0.901%	542.49
2011-12	-	34,080,467	34,080,467	0.883%	539.92
2012-13	-	33,475,542	33,475,542	0.851%	530.34
2013-14	-	32,845,617	32,845,617	0.808%	520.92
2014-15	-	32,190,692	32,190,692	0.758%	503.98
2015-16	-	31,510,767	31,510,767	0.709%	493.11
2016-17	-	32,438,350	32,438,350	0.730%	506.49
2017-18	-	31,439,322	31,439,322	0.640%	489.25

(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.

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

Source: City of Pico Rivera Finance Department

City of Pico Rivera
 Direct and Overlapping Debt
 As of June 30, 2018

2017-18 Assessed Valuation:	\$ 3,996,844,528
Incremental Valuation:	<u>918,850,106</u>
Adjusted Assessed Valuation:	\$3,077,994,422

	Total Debt <u>6/30/2018</u>	<u>% Applicable (1)</u>	City's Share of <u>Debt 6/30/18</u>
<u>DIRECT DEBT</u>			
City of Pico Rivera	31,439,322	100.000%	31,439,322
TOTAL DIRECT DEBT	<u>31,439,322</u>		<u>31,439,322</u>
<u>OVERLAPPING DEBT:</u>			
Metropolitan Water District	29,354,442	0.349%	102,447
Los Angeles Community College District	4,165,830,000	0.014%	583,216
Rio Hondo Community College District	148,207,824	13.101%	19,416,707
El Rancho Unified School District	72,995,102	99.991%	72,988,532
Montebello Unified School District	196,211,889	0.700%	1,373,483
Whittier Union High School District	145,654,361	0.422%	614,661
Los Nietos School District	31,595,132	0.056%	17,693
Whittier City School District	<u>69,095,000</u>	1.513%	<u>1,045,407</u>
TOTAL OVERLAPPING DEBT	<u>4,858,943,750</u>		<u>96,142,148</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u>127,581,470</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 2017-18 Assessed Valuation:

Direct Debt	0.79%
Total Overlapping Tax and Assessment Debt.....	2.41%

Ratios to Adjusted Assessed Valuation:

Direct Debt	1.02%
Total Overlapping Tax and Assessment Debt.....	3.12%
Combined Total Debt.....	4.14%

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

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Debt limit	\$ 595,025,845	\$ 581,318,695	\$ 573,980,277	\$ 585,365,738
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 595,025,845</u>	<u>\$ 581,318,695</u>	<u>\$ 573,980,277</u>	<u>\$ 585,365,738</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	\$ 3,928,654,151	\$ 3,835,622,958	\$ 3,793,015,615	\$ 3,861,702,311
Add back: exempt real property	<u>38,184,816</u>	<u>39,835,011</u>	<u>33,519,567</u>	<u>40,735,942</u>
Total assessed value	<u>\$ 3,966,838,967</u>	<u>\$ 3,875,457,969</u>	<u>\$ 3,826,535,182</u>	<u>\$ 3,902,438,253</u>
Debt limit (15% of total assessed value)	\$ 595,025,845	\$ 581,318,695	\$ 573,980,277	\$ 585,365,738
Debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 595,025,845</u>	<u>\$ 581,318,695</u>	<u>\$ 573,980,277</u>	<u>\$ 585,365,738</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.

Source: Los Angeles County Assessor 2016/17 Combined Tax Rolls

(Continued)

Fiscal Year					
2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$ 602,284,951	\$ 618,519,977	\$ 643,657,163	\$ 673,079,843	\$ 710,507,871	\$ 750,729,280
-	-	-	-	-	-
<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>	<u>\$ 750,729,280</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 3,973,385,899	\$ 4,065,546,441	\$ 4,249,444,059	\$ 4,443,723,085	\$ 4,699,049,996	\$ 4,960,278,250
41,847,108	57,920,073	41,603,696	43,475,869	37,669,146	44,583,616
<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>	<u>\$ 5,004,861,866</u>
\$ 602,284,951	\$ 618,519,977	\$ 643,657,163	\$ 673,079,843	\$ 710,507,871	\$ 750,729,279.90
-	-	-	-	-	-
<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>	<u>\$ 750,729,280</u>

1999 WATER AUTHORITY REVENUE BONDS - Last Ten Fiscal Years

Fiscal Year	Gross Revenue ⁽¹⁾	Less: Direct Costs ⁽²⁾	Net Revenue Available for Debt Service	1999 Bonded Debt (P & I)	Coverage
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	1,638,813	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%
2017-18	11,825,467	(6,483,639)	5,341,828	1,636,050	3.27%

(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 Svce P & I Payments	Plus: Secured Revenues ⁽⁴⁾	Total Pledged Subordinate Net Revenues & Securities Revenues	2001 P & I Debt Service Payments	Coverage
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	3,101,863	1.59
2013-14	11,311,659	(2,195,200)	(4,944,349)	(1,638,813)	3,345,200	5,878,497	3,097,031	1.90
2014-15	10,934,757	(2,111,900)	(4,785,711)	(1,638,925)	3,341,900	5,740,121	3,095,000	1.85
2015-16	10,787,717	(2,022,650)	(5,369,848)	(1,638,500)	3,342,650	5,099,369	3,088,281	1.65
2016-17	11,969,572	(1,927,100)	(4,617,562)	(1,635,875)	3,337,100	7,126,135	3,086,563	2.31
2017-18	11,825,467	(2,022,475)	(6,483,639)	(1,636,050)	3,334,900	5,018,203	3,084,375	1.63

(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
2017-18	43,598,587	865,000.00	1,061,150	1,926,150	22.64

(1) Total General Fund revenues

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

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2008-09	66,533	1,076,886	16,186	6.90%
2009-10	66,650	1,050,925	15,768	10.80%
2010-11	62,988	1,157,859	17,290	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%
2017-18	64,260	1,272,762	19,806	4.50%

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

Source: HdL Coren & Cone

City of Pico Rivera

Principal Employers

Current Fiscal Year and Ten Fiscal Years Ago

Employer	Business Type	2017-18		2007-08	
		Employees	% of Total City Employment	Employees	% of Total City Employment
El Rancho Unified School District*		1,225	4.33%	1,636	5.60%
Wal-Mart Supercenter		500	1.77%	600	2.05%
Southern California Gas Co		433	1.53%		
BakeMark		310	1.10%	259	0.89%
Cintas Facility Services Los Angeles		225	0.80%	195	0.67%
Target		186	0.66%	228	0.78%
Feit Electric Co Inc		180	0.64%	169	0.58%
Bay Cities Container		155	0.55%		
First Source LLC**		146	0.52%		
Lowe's		145	0.51%		
Pacific Coast Feather				195	0.67%
Bimbo Bakeries				170	0.58%
Los Angeles County Sheriff				150	0.51%
City of Pico Rivera				129	0.44%
Total Top Employers		<u>3,505</u>	<u>12.39%</u>	<u>3,731</u>	<u>12.78%</u>
Total City Employment (1)		30,200		29,200	

Source: MuniServices LLC

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

** Includes FTE and temp service employees

(1) Total City Labor Force provided by EDD Labor Force Data.

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-2012	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Government	31	29	29	28	29	29	30	25	30	30
Public Safety	8	7	7	6	5	5	5	8	8	9
Public Works	56	57	57	57	47	47	54	55	64	65
Parks & Recreation	22	22	22	20	20	20	21	21	26	26
Community Development	19	22	22	17	16	16	16	15	20	19
Water	8	8	8	10	11	11	11	8	9	10
Total	<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</u>	<u>157</u>	<u>159</u>

Source: City of Pico Rivera Finance Department

NOTE: The city historically only reports full-time salaried positions on this schedule.

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

Function	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
Police:					
Calls dispatched	23,017	22,471	21,622	21,735	22,369
Crime reports	8,323	7,892	7,420	7,151	7,062
Moving citations	6,747	9,057	8,321	4,326	4,947
Parking citations - Sheriff	864	408	440	416	302
Parking citations issued by Public Safety	22,444	22,473	20,276	16,490	16,161
Streets and Highways:					
Asphalt repair (in tons)	707	1,600	976	1,012	669
Curb & gutter repair (lineal ft.)	1,890	735	672	720	1,059
Sidewalk repair (lineal ft.)	9,302	7,502	6,846	5,152	4,690
Traffic signals maintained	46	49	50	50	51
Water:					
Number of customer accounts	9,456	9,405	9,441	9,486	9,510
Average daily consumption (millions of gallons)	5	5	5	5	6
Water samples taken (annual)	780	798	762	825	783
Sewers:					
Feet of sewer mains root cut/chemically treated	11	11	11	15	11
Maintenance:					
Square ft. graffiti removal	234,607	132,844	183,680	121,419	120,200
Streetsweeping miles	14,400	14,400	21,285	21,285	21,285
Trees trimmed per year	4,592	4,669	4,041	4,621	4,543
Culture and Recreation:					
Youth sports	700	659	856	825	835
Aquatics	37,718	16,720	12,163	11,479	11,800
Recreation classes	10,184	10,082	10,660	15,601	14,983
Senior Center participants	90,664	100,547	117,321	132,211	133,143

(A) Information is not available

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

Source: City of Pico Rivera Finance Department

(Continued)

Fiscal Year				
2013-14	2014-15	2015-16	2016-17	2017-18
21,602	21,878	24,523	26,177	25,363
9,775	10,725	10,268	7,275	6,680
4,822	4,250	3,296	3,146	3,931
549	147	171	158	69
16,303	15,152	15,468	16,285	15,985
160	427	100	2,523	7,263
26	530	500	146	121
877	1,200	1,600	2,523	7,263
42	45	47	47	47
9,393	9,400	9,435	-	-
5	5	4	-	-
900	1,162	520	-	-
11	11	-*	-	-
95,353	101,419	100,000	150,000	229,000
21,285	21,285	10,400	21,285	21,285
4,258	4,998	5,000	4,000	3,000
856	856	818	671	517
16,179	16,179	6,960	10,715	10,502
16,415	16,415	4,825	4,932	7,076
117,978	117,978	110,632	135,889	151,669

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

Function	Fiscal Year			
	2008-09	2009-10	2010-11	2011-12
Public Safety:				
Police stations	1	1	1	1
Number of patrol units	14	14	14	12
Highways and Streets:				
Miles of streets	115.2	115.2	115.2	115.2
Traffic Signals	42	42	43	43
Water:				
Number of active water wells	8	8	8	9
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	17.2	17.2	17.2	17.2
Culture and Recreation:				
Number of parks	8	8	8	8
Number of community centers	6	6	6	6

(Continued)

Fiscal Year					
2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	1	1	1	1	1
12	12	12	12	14	14
115.2	115.2	115.2	115.2	115.2	115.2
43	43	43	47	47	47
8	8	8	8	-	-
3	3	3	3	-	-
98	98	98	98	-	-
285	285	285	285	285	285
17	17	17	17	17	17
8	8	8	8	8	8
6	6	6	6	6	6



City of Pico Rivera • 6615 Passons Boulevard • Pico Rivera, CA 90660
(562) 942-2000 • www.pico-rivera.org