

MONTEREY PARK

California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017



City of Monterey Park, California

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year ended June 30, 2017

Prepared by the Management Services Department

**Annie Yaung, CPFO
Director of Management Services**

CITY OF MONTEREY PARK
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

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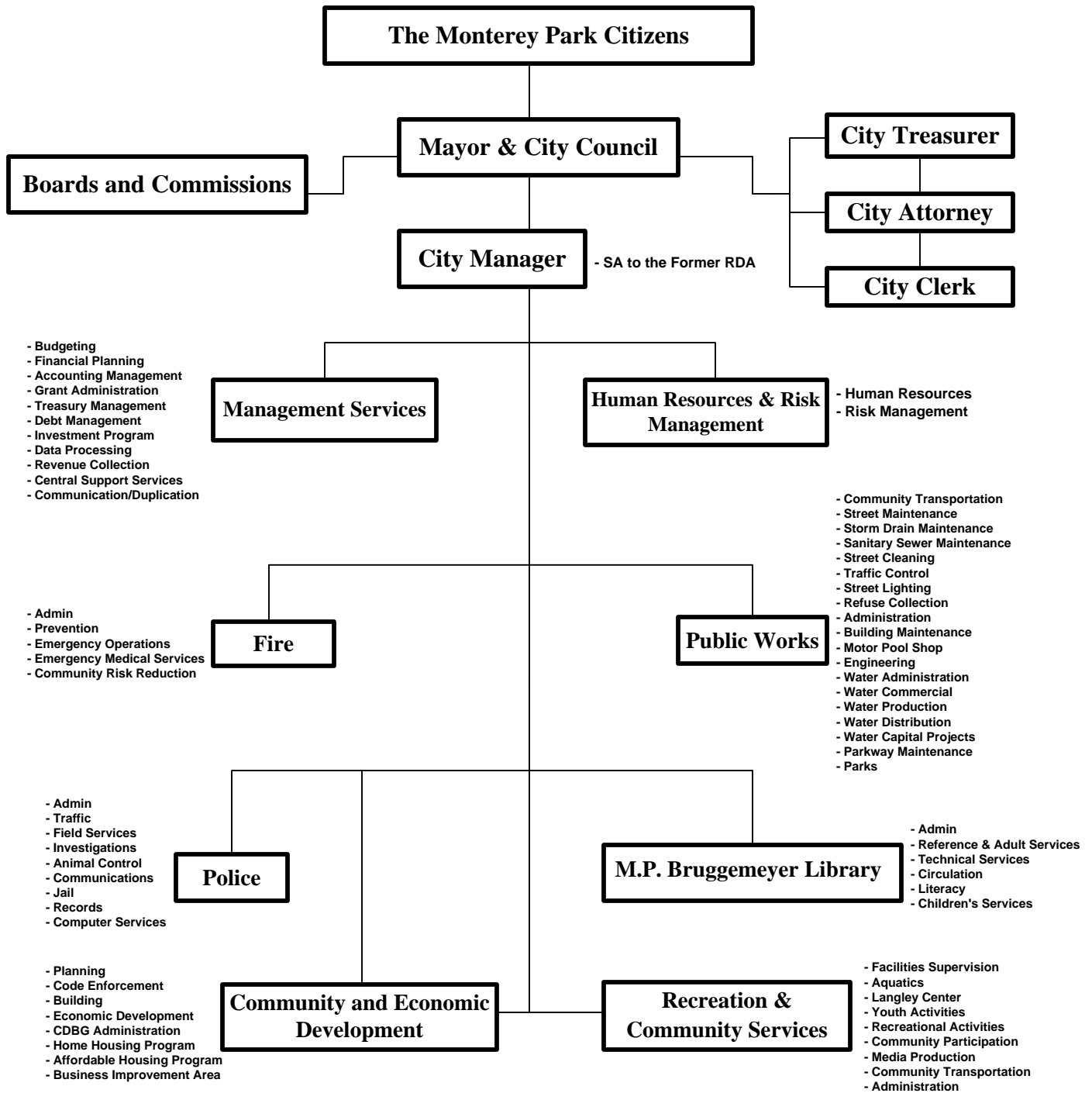
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City of Monterey Park Organization Chart



The City is a council-manager government, whose five council members are elected at a for four-year, overlapping terms of office.

CITY OF MONTEREY PARK

320 West Newmark Avenue • Monterey Park • California 91754-2896
www.MontereyPark.ca.gov



City Council
Teresa Real Sebastian
Stephen Lam
Peter Chan
Hans Liang
Mitchell Ing

City Clerk
Vincent D. Chang

City Treasurer
Joseph Leon

November 30, 2017

To the Honorable Mayor, Members of the City Council
and the Citizens of the City of Monterey Park, California

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), as promulgated by the Government Accounting Standards Board (GASB) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that, we hereby submit, for your information and review, the Comprehensive Annual Financial Report for the City of Monterey Park, California, for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of the City of Monterey Park. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control system that is designed to protect City assets and to ensure that the accounting records provide a reliable basis for the preparation of the financial statements. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements will be free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by White Nelson Diehl Evans LLP, a public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Monterey Park for the fiscal year ended June 30, 2017, fairly state the City's financial position. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Monterey Park's 2016-17 financial statements are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

Single Audit

Being a recipient of federal funds, the City is required to undergo an audit in accordance with the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133. Information relating to the single audit, which includes the federal assistance operations as well as the non-federal assistance operations, such as the City's financial statements, internal controls, and compliance with legal requirements involving the administration of Federal awards, will be issued in a separate *Single Audit Report*.

Management Discussion & Analysis

A narrative introduction, overview, and analysis accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A immediately follows the independent auditor's report in the financial section of the CAFR.

Profile of the City of Monterey Park

The City of Monterey Park was incorporated in 1916 as a general law city. The name of "Monterey Park" was taken from old government maps that described the oak-covered inclines that made up the area as Monterey Hills. The City operates under the council-manager form of municipal government. The City Council, which consists of five members, is elected at large and each serves a term of four years. The City Clerk and the City Treasurer are also elected by the citizens. The City Ordinance 2096 imposes term limits, no more than two consecutive terms, on all elected officials. The City Council appoints the City Manager, who has the responsibilities of overseeing City services and operations. In addition to governing the City, the City Council serves as the governing board of the Public Financing Authority and the Housing Authority. The financial information of these component units has been included with the City. Please see Note 1 to Financial Statements for discussion of the component units.



Monterey Park is a full-service City, offering its residents a wide range of municipal services, including public safety, highways and streets, sanitation, water and sewer services, development and public infrastructure improvements, culture and leisure programming, and general government functions. The City strives to provide high-quality public services that emphasize organizational efficiency, infrastructure investment, and economic development. In 2017, the City is listed as one of the top three best places to live in America by the Money Magazine.

Local Economic Condition

Monterey Park is located six miles east of Los Angeles at the western gateway to the San Gabriel Valley. It encompasses an area of 7.73 square miles with a population of approximately 62,000. Monterey Park is primarily a residential community, with 78% of its land zoned for single and multiple family housing. In 2016-17, Monterey Park's housing market continued increasing in single-family home prices as reflected in an average single family Monterey Park home sold for about \$655,000, a four percent increase from the previous year. Because of its desirable location, house values in Monterey Park are expected to continue remaining strong.

In 2016, the City's financial prospects, similar to the nation's continued to be positive. The City continues assisting two commercial developments. Specifically, the Monterey Park Market Place will include up to 500,000 square feet of commercial, retail and restaurant space. The tenants occupying the shopping center will include Costco, Home Depot, Guitar Center, Starbucks, In-N-Out, Buffalo Wild Wings and other well known national and regional tenants. All of the backbone infrastructure were completed and construction is currently started. There was also interest by the Hotel Industry in establishing four new hotels in the North Atlantic Area to meet the growing demands of the tourist industry in the greater San Gabriel Valley area. The 288 room courtyard by Marriott was the first of the hotels to commence construction and the operator anticipates that the hotel will be open in fall 2018. The potential growth in the community is a clear sign that the economy continues to gain momentum and that the development industry is willing to invest in the City's economic future. When completed, these projects will generate a large number of new jobs and tax revenues for the City.

Financial Overview and Policies

For 2016-17, the City continued the reporting requirement per Governmental Accounting Standards Board (GASB) Statement No. 68 and 71, for pension liabilities on the face of the *Statement of Net Position*. The net pension liability amount was significant because it reflected the projected future pension benefit payments for current and former employees. Excluding this net pension liability amount, the City's end of year financial condition for 2016-17 displayed a positive operating position due to the City's conservative financial planning and management. As the City's development projects mentioned above continue to expand and move forward that will generate a large number of new jobs and tax revenues for the City.

The City prepares and presents to the Council a five-year financial forecast at the midyear review process each year. The financial forecast provides a frame of reference for evaluating the City's financial condition on an on-going basis to assist with Council and management decision making.

The annual budget serves as the foundation for the City's financial planning and control. The City starts its budget process in January with the publication of a midyear review report. The budget development is based on the City's three-year citywide goals:

- Improve organizational effectiveness and efficiency;
- Attract and retain quality employees;
- Achieve financial stability;
- Improve communitywide beautification;
- Complete Towne Center and Marketplace.

These goals serve as the guidelines to identify community priorities and effectively align resources to achieve our mission. The City Manager presents the proposed budget to the City Council for review prior to the beginning of each fiscal year and the City Council holds public hearings to review and approve the proposed budget. The final adopted budget, reflecting the City Council's directions, is published no later than June 30.

Legal budgetary control for operating budgets is exercised at the department and fund level. The City is required to adopt a balanced budget for its General Fund at the beginning of the fiscal year. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year for all funds.

The 2017-18 Adopted Budget includes a conservative fiscal spending plan and reflects \$6 million for infrastructure and capital improvements, specifically water, sewer, and street projects. The City continues improving efficiencies by aligning closely related programs to achieve long-term financial stability.

Major Accomplishments

The Monterey Park's major accomplishments during the fiscal year 2016-17, which displayed significant financial impacts, included:

- Invested \$15 million in infrastructure and capital improvement projects, including a \$1 million Midyear budget approval for new financial system and servicer, Station 63 Vagabond retaining wall, City Yard locker room/restrooms, Langley restrooms ADA compliance, and Atlantic Blvd light pole replacement;
- Received Proposition 84 grant funding of \$4.1 million to construct the Centralized Groundwater Treatment System;
- Implemented the 4th year water and sewer rate adjustments to cover operational and capital improvement costs;
- Awarded new solid waste contracts for both residential and commercial waste collections and recycling program and achieved substantial savings for residents and businesses;
- Continued prudent, conservative management of the City's investment portfolio to maximize investment earning;

- Continued implementing the required Governmental Accounting Standards Board (GASB) Statements, including the net pension and liabilities and other post employment benefits on the face of the financial statements;
- Continued implementing solutions to reduce unfunded pension and other post-employment benefit (OPEB) liabilities, including the pension prepayment practice and the on-going retiree medical pre-funding trust to reduce the City's unfunded liabilities;
- Implemented new contracts with five safety units.

Gann Spending Limitation

Article XIII B of the California Constitution, which was adopted in 1979 and amended in 1990 by Proposition 111, establishes a limit on government spending. The limit is calculated based on a government's 1978-79 appropriations adjusted each year by the change in California per capita income or the change in nonresidential assessed valuation combined with the change in city or county population. The City's 2016-17 appropriations limit was \$80.8 million and the City's actual appropriation subject to the limit was 54% below the legal limit. Based on the past trend and projected future growth, the City believes its appropriations will continue remaining within the legal limit.

Debt Administration

The primary objective of the City's debt administration is to maintain its accessibility to capital market at the lowest possible cost; i.e. interest cost, without endangering its ability to finance essential services. The City uses debt financing only for capital improvements or projects that cannot be financed from current revenues. The City has been successful in obtaining financing for various infrastructure improvements, such as library expansion, water main replacement, police 911 computer system, and water treatment plants. In 2016, the City paid off the lease-purchase I-Bank loan of \$851,490 for the water main project.

Cash Management

While the City monitors its cash balance daily and invests temporarily idle funds in accordance with the Government Code and the City's Investment Policy, there is potential to further enhance our returns and cash management. The City's investment and cash management is through pooling of various City funds to maximize safe and efficient investment operations. Investment earnings are distributed based on average cash balance. The Finance staff carries out the daily investment operations. At June 30, 2017, the City's investment balances, including amounts held by fiscal agent, were \$93.4 million.

The City periodically submits its Investment Policy to the Municipal Treasurers Association of United States and Canada for certification to ensure the Policy meets the criteria established by the Association's Investment Policy Certification Program. The City's Investment Policy continued being recertified for the Certificate of Excellence Award.

Risk Management

Monterey Park is self-insured for general liability and workers' compensation. The City has acquired excess coverage for both from the Independent Cities Risk Management Authority (ICRMA). The members pool their resources under a JPA agreement to support their individual self insurance programs. To finance risk management, the City maintains internal service funds for general liability and workers' compensation insurances. The claims payable includes incurred-but-not-reported claims. However, the claim values consider the indemnity and expense exposures and are based on known facts at the time of evaluation. The City does not warranty the ultimate values of incurred-but-not-reported claims, which could be significantly different from the final settlement. The City actively administers various risk management programs including employee accident prevention training, claims review, and monthly safety meetings to reduce the City's exposure to loss.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. The City of Monterey Park has been awarded the Certificate of Achievement by GFOA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the 28th consecutive year the City received this award. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for the preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year. We believe the City's Fiscal Year 2016-17 CAFR will continue to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA for award consideration. In addition, the City's 2017-18 Budget has received awards for excellence in budgeting from both the Government Finance Officers Association of the United States and Canada (GFOA) and California Society of Municipal Finance Officers Association (CSMFO).

We would like to express our sincere appreciation to the entire Management Services staff whose efficient and dedicated services have made this timely preparation of this report possible. We would also like to thank the Mayor and City Council for their unfailing support of excellence in financial reporting and fiscal integrity. The accomplishments and values for this community which are presented in this report are a testament to the leadership of the City Council and the dedication of all City employees.

Respectfully submitted,



Roh Bow
City Manager



Annie Yaung, CPFO
Director of Management Services



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Monterey Park
California**

For the Fiscal Year Beginning

July 1, 2016

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Monterey Park, CA for its annual budget for the fiscal year beginning July 1, 2016. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Monterey Park
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

*California Society of
Municipal Finance Officers*

Certificate of Award

*Operating Budget Excellence Award
Fiscal Year 2016-2017*

Presented to the

City of Monterey Park

For meeting the criteria established to achieve the Operating Budget Excellence Award.

January 31, 2017



*John Adams
CSMFO President*

*Craig Boyer, Chair
Professional Standards and
Recognition Committee*

Dedicated Excellence in Municipal Financial Reporting

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Member of the City Council
of the City of Monterey Park
Monterey Park, 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 Monterey Park, California (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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 Monterey Park as of June 30, 2017, and the respective changes in its financial position where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability and related ratios, and the schedules of contribution - CalPERS and MMRP pension plans, the schedule of funding progress - other post-employment benefits plan, and budgetary comparison schedules for the General Fund, Special Revenue Grants Fund, Special Revenue Retirement/Pension Liability Fund, and Special Revenue Housing Fund, 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, as listed in the table of contents, 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 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 taken as a whole.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, on our consideration of the City of Monterey Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Monterey Park's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
November 30, 2017

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MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Management Discussion and Analysis provides a narrative introduction, analysis, and overview that will assist in understanding of the City's financial statements. This analysis should be read in conjunction with the City's financial statements as of June 30, 2017, the transmittal letter, and notes to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide information of the City's financial activities in a manner similar to a private-sector company. Government-wide financial statements consist of the statement of net position and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements provide both short-term and long-term information about the City's financial position, which is helpful in assessing the City's economic condition at the end of the fiscal year.

The statement of net position presents all of the City's financial resources along with its capital assets and long-term obligations. The difference between the assets and the liabilities is reported as the net position.

The statement of activities reports the gross and net costs of various activities carried out by the City and how the City's net position changed during the fiscal year. This statement summarizes the cost of providing services by the City and includes all current year revenues and expenses.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (i.e. governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (i.e. business-type activities). The governmental activities of the City include general government, public safety, community development, culture and recreation, highways and streets, health, and debt service. The business-type activities reflect the City's water system operations, waste management activities, and sanitary sewer activities.

The government-wide financial statements include not only the City but also those legally separate entities for which the City is financially accountable. These entities include the Monterey Park Housing Authority and the Monterey Park Public Financing Authority. Financial information for these component units is reported as an integral part of the City. Please refer to Note Number 1(a) of the Notes to the Basic Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts used to control resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same 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 expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Governmental funds are accounted for using the modified accrual basis of accounting, which provides a detailed view of the City's current financial resources and the City's ability to meet its current expenditure needs. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The City maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for General Fund, Special Revenue Grants Fund, Special Revenue Retirement/Pension Liability Fund, and Special Revenue Housing Fund, which are reported as major funds. Information for the other 14 governmental funds is combined into a single column under Nonmajor Special Revenue Governmental Funds. Data for the nonmajor governmental funds is provided in the combining statements in this report.

The City adopts an annual appropriated budget for its governmental funds. Budgeted expenditures are controlled at the fund level. Budgetary comparison statements have been provided to demonstrate compliance with this budget. Please refer to the Notes to Required Supplementary Information.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, which is the same method used by private businesses. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The City maintains two different types of proprietary funds: enterprise funds and internal service funds. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations for its water system, waste management activities, and sanitary sewer activities. Internal service funds are used to accumulate and allocate costs internally among the City's various functions, which include vehicle operation, workers compensation insurance, retiree medical benefits, general liability insurance, separation benefits, and technology development. Because the internal service operations benefit both governmental and business-type functions, they have been proportionally allocated and included within the governmental and business-like activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in this report.

Fiduciary Funds

Fiduciary funds are used to account for activities when the City acts as a trust or fiduciary to hold resources for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The required supplementary information further explains and supports the information in the financial statements. This section includes the schedules of the City's funding for its employee pension program, other post-employment benefits program and the budgetary comparison for the General Fund, Special Revenue Grants Fund, Special Revenue Retirement/Pension Liability Fund, and Special Revenue Housing Fund.

Other Supplementary Information

Other supplementary information includes combining and individual budgetary comparison schedules for Nonmajor Governmental Funds, and combining statements for Agency Funds and Internal Service Funds.

Financial Highlights

- Total 2016-17 net position increased by \$9.4 million (\$5.0 million for governmental activities and \$4.4 million for business-type activities) from 2015-16. The increases included higher development related revenues; better property tax revenues; and changes in deferred inflows in computing net pension obligation which did not require the use of current financial resources.
- As of June 30, 2017, the City's assets exceeded liabilities by \$52.9 million, of which \$76.8 million was related to net investment in capital assets, \$20.8 million was restricted for special revenues, and (\$44.7) million was unrestricted.
- For 2016-17, the City Council approved additional capital improvement and operating expenditures of \$1.9 million at the Midyear Budget Review, including safety labor contract adjustments, GF supplemental to Workers' Compensation Fund, finance system upgrades, slope stabilization and sidewalk repair, and Langley restroom ADA compliance. The \$1.9 million was shared among various funds, which \$1.1 million was from the General Fund.
- At the 2016-17 year-end, the General Fund total fund balance was \$30.2 million, an increase of \$1.8 million from last year. The increases were mainly from higher receipts of property tax, building permits, and plan check fees. The extra amounts of building permits and plan check fees were generated from the City Market Place project and hotel developments. Total unassigned General Fund balance was \$4.1 million at June 30, 2017.

- The City continued the third-year water, sewer, and trash rates adjustments and the new rates were effective on September 1, 2016. Citizens adopted more resilient approaches to managing their water consumptions. As a result, the additional water revenues generated from rate increases were offset by lower water consumptions and the additional revenues were not at the original anticipated level.
- On January 18, 2017, the City awarded new solid waste franchise agreements for residential and commercial waste collection and recycling services. New services began with the new established rates on September 1, 2017.
- The City approved 2-year contracts for all police and fire labor units to ensure the public safety services be delivered as optimally as possible.
- The City completed the energy efficiency improvements throughout city parks, facilities and infrastructure, including interior lighting, exterior lighting, HVAC equipment replacement, building automation system and water meter replacements.
- The City continuously served as the Successor Agency for its former Redevelopment Agency, and reported the former RDA assets and liabilities in the Fiduciary Fund as Private Purpose Trust Fund.

Government-wide Financial Analysis

Net position serves as an indicator of a government's financial position over time. As of June 30, 2017, the City's combined net position (governmental and business-type activities) totaled \$52.9 million, up \$9.4 million from last year. Total long-term liabilities, including net pension and other post-employment benefits liabilities, were \$150 million as of June 30, 2017.

Net position consists of three categories: net investment in capital assets, restricted, and unrestricted. The largest portion of the City's net position, approximately \$76.8 million, is the City's investment in capital assets including land, buildings, equipment, and infrastructure net of accumulated depreciation and related debt for acquiring these capital assets. Since the capital assets are used to provide services to citizens; they are not available to fund the City's day-to-day activities.

The City's restricted net position totaled \$20.7 million at June 30, 2017. 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 primarily grants, retirement/pension, and various nonmajor special revenue funds. Unrestricted net position is available for use by the City for any legal purpose. As of June 30, 2017, the City's total unrestricted net position was a negative \$44.7 million.

Statement of Net Position
Fiscal Years Ended June 30, 2017 and June 30, 2016
(In thousands)

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
<i>Assets:</i>						
<i>Current</i>	\$ 68,734	\$ 65,499	\$ 31,937	\$ 31,213	\$ 100,671	\$ 96,712
<i>Non Current</i>						
<i>Capital Assets</i>	51,741	50,955	38,167	35,259	89,908	86,214
<i>Other Assets</i>	3,519	3,643			3,519	3,643
<i>Total Assets:</i>	<u>\$ 123,994</u>	<u>\$ 120,097</u>	<u>\$ 70,104</u>	<u>\$ 66,472</u>	<u>\$ 194,098</u>	<u>\$ 186,569</u>
<i>Deferred Outflow of Resources</i>	<u>\$ 18,279</u>	<u>\$ 6,103</u>	<u>\$ 1,416</u>	<u>\$ 691</u>	<u>\$ 19,695</u>	<u>\$ 6,794</u>
<i>Liabilities:</i>						
<i>Current</i>	\$ 4,185	\$ 3,966	\$ 3,896	\$ 2,773	\$ 8,081	\$ 6,739
<i>Long-Term</i>	129,183	114,281	20,848	21,108	150,031	135,389
<i>Total liabilities:</i>	<u>\$ 133,368</u>	<u>\$ 118,247</u>	<u>\$ 24,744</u>	<u>\$ 23,881</u>	<u>\$ 158,112</u>	<u>\$ 142,128</u>
<i>Deferred inflow of Resources</i>	<u>\$ 2,713</u>	<u>\$ 6,726</u>	<u>\$ 114</u>	<u>\$ 612</u>	<u>\$ 2,827</u>	<u>\$ 7,338</u>
<i>Net Position:</i>						
<i>Net Investment in</i>						
<i>Capital Assets</i>	\$ 49,245	\$ 47,995	\$ 27,583	\$ 23,133	\$ 76,828	\$ 71,128
<i>Restricted</i>	20,689	22,222	-	514	20,689	22,736
<i>Unrestricted</i>	<u>(63,742)</u>	<u>(68,991)</u>	<u>19,079</u>	<u>18,630</u>	<u>(44,663)</u>	<u>(50,361)</u>
<i>Total Net Position</i>	<u>\$ 6,192</u>	<u>\$ 1,226</u>	<u>\$ 46,662</u>	<u>\$ 42,277</u>	<u>\$ 52,854</u>	<u>\$ 43,503</u>

Governmental Activities Financial Analysis

Overall governmental activities increased the City's net position by \$5 million. The net position increase was due primarily to more plan check and building permit fees from the Market Place and Marriot Hotel development projects, better property tax revenues, and changes in deferred inflows and outflows in computing net pension obligation that apply to future periods and are not recognized as an expense or revenue until that time.

Statement of Activities
For the Years Ended June 30, 2017 and June 30, 2016
(In thousands)

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
<i>Revenues:</i>						
<i><u>Program Revenues:</u></i>						
<i>Charges for Services</i>	\$ 10,558	\$ 10,324	\$ 23,408	\$ 21,951	\$ 33,966	\$ 32,275
<i>Operating Grants & Contributions</i>	6,928	7,954			6,928	7,954
<i>Capital Grants & Contributions</i>	1,135	502	1,917	97	3,052	599
<i><u>General Revenues:</u></i>						
<i>Taxes</i>	36,628	35,478			36,628	35,478
<i>Revenues from Use of Money and Property</i>	701			1	701	1
<i>Other</i>	1,030	1,156	1,239	1,601	2,269	2,757
<i>Gain on Sale of Capital Assets</i>		1,404				1,404
<i>Total Revenues:</i>	<u>\$ 56,980</u>	<u>56,818</u>	<u>\$ 26,564</u>	<u>23,650</u>	<u>\$ 83,544</u>	<u>80,468</u>
<i>Expenses:</i>						
<i>General Government</i>	4,936	3,771			4,936	3,771
<i>Public Safety</i>	30,528	27,480			30,528	27,480
<i>Comm. Development</i>	2,368	2,457			2,368	2,457
<i>Culture & Recreation</i>	7,383	7,151			7,383	7,151
<i>Highway & Streets</i>	5,555	6,223			5,555	6,223
<i>Health</i>	250	117			994	117
<i>Debt Services</i>	994	990			250	990
<i>Water/Refuse/Sewer</i>			22,179	20,642	22,179	20,642
<i>Total Expenses:</i>	<u>52,014</u>	<u>48,189</u>	<u>22,179</u>	<u>20,642</u>	<u>\$ 74,193</u>	<u>68,831</u>
<i>Increase in Net Position</i>						
<i>Before Extraordinary item</i>	4,966	8,629	4,385	3,008	9,351	11,637
<i>Extraordinary item</i>		5,639				
<i>Changes in Net Position</i>	<u>4,966</u>	<u>14,268</u>	<u>4,385</u>	<u>3,008</u>	<u>9,351</u>	<u>17,276</u>
<i>Net Position – July 1</i>	<u>1,226</u>	<u>(13,042)</u>	<u>42,277</u>	<u>39,269</u>	<u>43,503</u>	<u>26,227</u>
<i>Net Position – June 30</i>	<u>\$ 6,192</u>	<u>\$ 1,226</u>	<u>\$ 46,662</u>	<u>\$ 42,277</u>	<u>\$ 52,854</u>	<u>\$ 43,503</u>

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 is useful in assessing the City's financing requirements to meet the current needs. Unassigned fund balance may serve as a useful measure of the City's net resources available for appropriation.

As of June 30, 2017, the City's governmental funds reported a combined ending fund balance of \$50.7 million, an increase of \$312,229 from the prior year. The fund balance categories of governmental fund displayed \$816,495 as nonspendable, \$21.4 million as restricted, \$11.3 million as committed, \$14.4 million as assigned, and \$2.8 million as unassigned. This unassigned amount was comprised of a \$4.1 million from the General Fund, a negative \$874,249 from special revenue grants funds and a negative \$495,240 from nonmajor governmental fund. *(Please refer to Note 15 of the Notes to Basic Financial Statements for detailed breakdown.)*

There are four major funds in the governmental funds: General Fund, Special Revenue Grants Fund, Special Revenue Retirement/Pension Liability Fund, and Special Revenue Housing Fund.

General Fund is the main operating fund of the City, which finances the majority of the police, fire, recreation, parks maintenance, public works, library, community development, and general administrative services. General Fund revenues and transfers for 2016-17 totaled \$40.5 million, an increase of \$1.7 million over 2015-16. The increase was mainly due to higher development-related revenues. As of June 30, 2017, the total fund balance of the General Fund was \$30.2 million, up \$1.8 million from last year. The City assigned most of the increased amount for future capital improvements. The unassigned portion of the fund balance totaled \$4.1 million.

Special Revenue Grants Fund reports the activities of various grants that the City received from the Federal, State, and County agencies. Unspent grant funds are accumulated for expenditures in the future years. Total grants received for governmental activities in 2016-17 were \$1.9 million, down \$1.4 million from last year. Total 2016-17 grant funded expenditures and transfers were \$3.03 million, reflecting a decrease of \$382,342 from 2015-16. Total fund balance of the Special Revenue Grants Fund as of June 30, 2017 was \$403,591.

Special Revenue Retirement/Pension Liability Fund accounts for revenue received from the voter-approved property tax levied to provide for employee retirement costs. Total revenues and transfers for 2016-17 were \$8.6 million. Total expenditures for 2016-17 were \$8.7 million, up \$500,000 from 2015-16. The increase in expenditures was due to higher pension contribution rates required for both Safety Plan and Miscellaneous Plan. Total fund balance in the Retirement/Pension Liability Fund as of June 30, 2017 was \$9.3 million of which was restricted for employee retirement costs.

Special Revenue Housing Fund accounts for housing activities. The City assumed the responsibility of the housing assets and functions after the dissolution of the City's Redevelopment Agency. Total revenues for 2016-17 were \$44,356 and total expenditures were \$43,220. The expenditures reflected costs for housing monitoring services. As of June 30, 2017, the fund balance of the Special Revenue Housing Fund was \$2.5 million.

Nonmajor Governmental Funds account for various activities including street improvement, transportation, library expansion and services, air quality improvement, lighting and landscaping district, and public safety activity. Total revenues and transfer-in for 2016-17 were \$6.9 million, down \$1.2 million from 2015-16. Total expenditures and transfer-out for 2016-17 were \$7.2 million, decrease \$1 million over 2015-16. As of June 30, 2017, the fund balance of the Nonmajor Governmental Funds totaled \$8.4 million, down \$0.3 million from 2015-16.

Business-type Activities Financial Analysis

The business-type activities reflect the City's water system, which includes water operation and water treatment; waste management activities; and sanitary sewer activities.

Total 2016-17 water revenues were \$16.6 million, up \$2.7 million from 2015-16. The increase in water revenues were \$1.9 million from California Department of Water Resources for centralized groundwater treatment system and rate adjustments made in September 2016 for charges for services. Water expenses were \$12.2 million, no significant difference from prior year. Net position for the Water Fund displayed \$42.4 million, increased of \$4.4 million due mainly of groundwater treatment system grant 1.9 million from Department of Water Resources, water rate adjustment and steady expenses.

Refuse Fund revenues were \$7.1 million, up \$170,165 from last year. The increase was due to rate adjustments made in September 2016. Operating expenditures were \$7.1 million, down \$127,207 from last year. Net position for the Refuse Fund displayed \$425,172, an increase of \$4,576.

Sewer Fund revenues were \$2.8 million, up \$169,827 from last year. The increase was due to rate adjustment made in September 2016. Operating expenditures were \$1.3 million, increased \$235,633 from last year. Net position for the Sewer Fund changed to \$6.3 million, an increase of \$1.5 million.

General Fund Budgetary Highlights

The originally adopted General Fund budget for this fiscal year was \$40.3 million, including a \$2.1 million General Fund supplement for the pension costs. The final amended budget of \$43.0 million reflected the Midyear Council approved amendments and re-budgeted capital improvement carryovers from 2015-16.

Capital Asset Administration

The City's capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2017, totaled \$89.9 million, an increase of \$3.7 million from prior year. The capital assets include land, buildings, improvements, machinery and equipment, parks, roads, traffic lights, and traffic signals. *(Readers desiring more detailed information on capital asset activity should refer to Note 7 of the Notes to the Basic Financial Statements.)*

Capital Assets Net of Depreciation
Fiscal Years Ended June 30, 2017 and June 30, 2016
(In thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
<i>Land</i>	\$ 8,465	\$ 8,465	\$ 500	\$ 500	\$ 8,965	\$ 8,965
<i>Buildings</i>	17,250	17,865	158	164	17,408	18,029
<i>Improvements</i>	11,730	10,270	32,109	28,987	43,839	39,257
<i>Construction in Progress</i>	2,317	2,477	3,451	4,022	5,768	6,499
<i>Equipment</i>	1,762	2,256	615	320	2,377	2,576
<i>Infrastructure</i>	10,217	9,622	1,334	1,266	11,551	10,888
	<u>\$ 51,741</u>	<u>\$ 50,955</u>	<u>\$ 38,167</u>	<u>\$ 35,259</u>	<u>\$ 89,908</u>	<u>\$ 86,214</u>

Major capital asset additions during the fiscal year included the following:

- Upgraded IT software and hardware for the new finance system implementation
- Completed installation of the CNG fueling compressor system
- Installed broadband internet and VPN at City facilities
- Continued Fire Station 62 replacement project
- Completed citywide water meters replacement to achieve water efficiency and conservation
- Completed slurry seal and various street resurfacing, alley and sidewalk improvements
- Continued water well, water main, and pumping station upgrades per Water Master Plan
- Started construction of the \$8 million Centralized Groundwater Treatment System

Debt Administration

As of June 30, 2017, the City's long-term debt totaled \$150 million, an increase of \$14.6 million from the prior year. This is resulting from \$15 million increase in pension liability, \$900,000 increase in claims and judgment, \$25,000 in other post employment benefits, and offset by reductions in capital leases, \$1,743,000, Section 108 Loans, \$378,000 and the Library Note, \$358,000. (Please refer to Note Number 8, 9 and 11 of the Notes to the Basic Financial Statements for detailed information.)

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The current debt limitation for the City is \$1.04 billion.

Outstanding Debt
Fiscal Years ended June 30, 2017 and June 30, 2016
(In thousands)

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
<i>Capital Leases</i>	\$ 2,123	\$ 2,307	\$ 10,567	\$ 12,126	\$ 12,690	\$ 14,433
<i>Pension Obligation Bonds</i>	13,520	13,970			13,520	13,970
<i>Compensated Absences</i>	4,475	4,462	758	746	5,233	5,208
<i>Section 108 Loan</i>	2,804	3,182			2,804	3,182
<i>Library Special Tax</i>						-
<i>Revenue Note</i>	373	731			373	731
<i>Claims and Judgments</i>	10,264	9,364			10,264	9,364
<i>Insurance Assessments</i>						
<i>Payable</i>	1,635	-			1,635	-
<i>Net Pension Liabilities</i>	82,011	68,432	8,545	7,287	90,556	75,719
<i>Other Post Employment</i>						-
<i>Benefits (OPEB)</i>	11,978	11,833	978	949	12,956	12,782
	<u>\$ 129,183</u>	<u>\$ 114,281</u>	<u>\$ 20,848</u>	<u>\$ 21,109</u>	<u>\$ 150,031</u>	<u>\$ 135,389</u>

Economic Factors and Next Year's Budgets

- The City's total assessed valuation is \$7.3 billion, up 4.8% or \$335 million from 2016-17.
- The fiscal year 2017-18 City Budget is balanced. City is conservative in projecting future revenue. The City spending plan follows the City Council's directions in maintaining excellent community services, enhancing organizational efficiency, and funding much needed infrastructure and capital improvements. The City will conclude labor negotiations with three miscellaneous units and any contract adjustments for additional salary and benefits will be amended to the budget.
- The 80-unit residential housing project at Potrero Grande Avenue by the Olson Company (a for-profit company) was completed. All housing units have been sold.
- The City continues with the Fire Station 62 replacement project. The new facility will meet current laws, regulations and NFPA standards.
- The City was awarded the State Proposition 84 (Integrated Regional Water Management Grant) grant funding for \$4.13 million in August 2016. The City continues utilizing Proposition 84 grant funds and the City water treatment funds to build the Centralized Groundwater Treatment System for the Delta Plant. The plant will be in service by the mid-2018.
- The Courtyard by Marriott hotel that includes 288 rooms, a restaurant and available retail space, is currently in the construction phase and the City anticipates its opening by the end of 2018. This hotel will increase additional transient occupancy tax, property tax, and sales tax revenues for the City.

- The City continues facilitating the development of the Monterey Park Market Place Shopping Center in the southeastern portion of the City. The Market Place will include up to 500,000 square feet of commercial, retail and restaurant space and is located directly off and visible from the SR-60 freeway. The shopping center had a groundbreaking ceremony on November 16, 2016 and is expected to open by mid-2018. Some of tenants that have committed to the shopping center include Costco, Home Depot, In-N-Out, Starbucks, and Chick-fil-A. This regional power center will increase property and sales tax revenues for the City.
- 2017-18 is the fourth year with the new water and sewer adjustments. Additional revenues generated from the rate increases are to support operations and infrastructure/capital improvements.
- The City implements new solid waste contracts for the residential and commercial solid waste collection and recycling services at much lower fees for the community on September 1, 2017.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all interested persons and organizations. The report is published on the City's official website. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to *City of Monterey Park, Finance, 320 West Newmark Avenue, Monterey Park, CA 91754*.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MONTEREY PARK
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 62,026,519	\$ 28,489,444	\$ 90,515,963
Cash and investments held by fiscal agent	638	-	638
Accounts receivable	4,025,114	5,866,658	9,891,772
Interest receivable	182,664	-	182,664
Prepaid assets	74,939	-	74,939
Inventory	4,216	-	4,216
Internal balances	2,419,578	(2,419,578)	-
Total current assets	<u>68,733,668</u>	<u>31,936,524</u>	<u>100,670,192</u>
Noncurrent assets:			
Loans receivable, net	1,872,797	-	1,872,797
Receivable from Successor Agency	1,646,331	-	1,646,331
Capital assets:			
Not being depreciated	10,782,060	3,951,093	14,733,153
Being depreciated, net	40,958,859	34,215,942	75,174,801
Total capital assets	<u>51,740,919</u>	<u>38,167,035</u>	<u>89,907,954</u>
Total noncurrent assets	<u>55,260,047</u>	<u>38,167,035</u>	<u>93,427,082</u>
Total assets	<u>123,993,715</u>	<u>70,103,559</u>	<u>194,097,274</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Amounts related to pension plans	<u>18,278,777</u>	<u>1,416,004</u>	<u>19,694,781</u>
Total deferred outflows of resources	<u>18,278,777</u>	<u>1,416,004</u>	<u>19,694,781</u>

CITY OF MONTEREY PARK
Statement of Net Position, Continued
June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 1,694,084	\$ 3,328,395	\$ 5,022,479
Accrued payroll	977,841	134,228	1,112,069
Interest payable	90,471	-	90,471
Deposits and advances	735,586	433,343	1,168,929
Due to other governmental agencies	686,575	-	686,575
Total current liabilities	<u>4,184,557</u>	<u>3,895,966</u>	<u>8,080,523</u>
Noncurrent liabilities:			
Long-term liabilities - due within one year	3,978,587	833,544	4,812,131
Long-term liabilities - due in more than one year	125,204,549	20,014,590	145,219,139
Total noncurrent liabilities	<u>129,183,136</u>	<u>20,848,134</u>	<u>150,031,270</u>
Total liabilities	<u>133,367,693</u>	<u>24,744,100</u>	<u>158,111,793</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Amounts related to pension plans	2,712,676	113,804	2,826,480
Total deferred inflows of resources	<u>2,712,676</u>	<u>113,804</u>	<u>2,826,480</u>
<u>NET POSITION</u>			
Net investment in capital assets	49,245,097	27,583,180	76,828,277
Restricted for:			
Siemens energy saving projects	-	-	-
Grants	403,591	-	403,591
Retirement/pension	9,275,697	-	9,275,697
Housing	2,454,115	-	2,454,115
Public safety	289,559	-	289,559
Community development	159,102	-	159,102
Culture and recreation	28,586	-	28,586
Highways and streets	8,078,752	-	8,078,752
Unrestricted (deficit)	(63,742,375)	19,078,479	(44,663,896)
Total net position	<u>\$ 6,192,123</u>	<u>\$ 46,661,659</u>	<u>\$ 52,853,782</u>

CITY OF MONTEREY PARK
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,935,831	\$ 1,216,968	\$ -	\$ -
Public safety	30,527,989	2,665,634	1,376,834	129,324
Community development	2,368,605	3,660,518	935,017	-
Culture and recreation	7,383,391	1,327,230	222,415	2,994
Highway and streets	5,555,218	1,688,010	4,243,313	1,002,439
Health	250,000	-	150,753	-
Interest and fiscal charges	993,823	-	-	-
Total governmental activities	<u>52,014,857</u>	<u>10,558,360</u>	<u>6,928,332</u>	<u>1,134,757</u>
Business-type activities:				
Water Utility	13,197,497	13,439,676	-	1,916,453
Refuse	7,648,908	7,124,768	-	-
Sewer	1,332,184	2,843,412	-	-
Total business-type activities	<u>22,178,589</u>	<u>23,407,856</u>	<u>-</u>	<u>1,916,453</u>
Total	<u>\$ 74,193,446</u>	<u>\$ 33,966,216</u>	<u>\$ 6,928,332</u>	<u>\$ 3,051,210</u>

CITY OF MONTEREY PARK
Statement of Activities, Continued
For the Year Ended June 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Governmental activities:			
General government	\$ (3,718,863)	\$ -	\$ (3,718,863)
Public safety	(26,356,197)	-	(26,356,197)
Community development	2,226,930	-	2,226,930
Culture and recreation	(5,830,752)	-	(5,830,752)
Highway and streets	1,378,544	-	1,378,544
Health	(99,247)	-	(99,247)
Interest and fiscal charges	(993,823)	-	(993,823)
Total governmental activities	<u>(33,393,408)</u>	<u>-</u>	<u>(33,393,408)</u>
Business-type activities:			
Water Utility	-	2,158,632	2,158,632
Refuse	-	(524,140)	(524,140)
Sewer	-	1,511,228	1,511,228
Total business-type activities	<u>-</u>	<u>3,145,720</u>	<u>3,145,720</u>
Total	<u>(33,393,408)</u>	<u>3,145,720</u>	<u>(30,247,688)</u>
General Revenues:			
Taxes:			
Property taxes	23,154,960	-	23,154,960
Sales taxes	6,517,491	-	6,517,491
Vehicle in-lieu taxes (Unrestricted, intergovernmental)	27,482	-	27,482
Utility user taxes	3,212,912	-	3,212,912
Franchise taxes	938,802	-	938,802
Business license taxes	1,244,295	-	1,244,295
Transient occupancy taxes	1,261,777	-	1,261,777
Other taxes	269,734	-	269,734
Revenues from use of money and property	701,151	105	701,256
Other	1,030,348	1,238,954	2,269,302
Total general revenues	<u>38,358,952</u>	<u>1,239,059</u>	<u>39,598,011</u>
Changes in net position	4,965,544	4,384,779	9,350,323
Net position (deficit) - beginning of year	<u>1,226,579</u>	<u>42,276,880</u>	<u>43,503,459</u>
Net position (deficit) - end of year	<u>\$ 6,192,123</u>	<u>\$ 46,661,659</u>	<u>\$ 52,853,782</u>

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FUND FINANCIAL STATEMENTS

CITY OF MONTEREY PARK
Balance Sheet - Governmental Funds
June 30, 2017

	Major Funds			
	General	Grants	Special Revenue	
			Retirement/Pension Liability	Housing
<u>Assets</u>				
Cash and investments	\$ 27,905,142	\$ 1,750,186	\$ 9,164,607	\$ 811,533
Cash and investments held by fiscal agents	-	-	638	-
Accounts receivable	2,297,416	1,416,302	121,419	-
Interest receivable	162,920	1,645	-	1,549
Prepaid assets	74,939	-	-	-
Due from other funds	1,648,625	-	-	-
Loans receivable, net	-	686,575	-	1,186,222
Advances to other funds	741,556	-	-	-
Receivable from Successor Agency	-	-	-	1,646,331
Total Assets	\$ 32,830,598	\$ 3,854,708	\$ 9,286,664	\$ 3,645,635
<u>Liabilities, Deferred Inflow of Resources and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 1,023,366	\$ 42,217	\$ 10,967	\$ 5,298
Accrued payroll	868,839	14,332	-	-
Deposits and advances	735,586	-	-	-
Due to other funds	-	1,483,571	-	-
Due to other governmental agencies	-	686,575	-	-
Advances from other funds	-	-	-	-
Total Liabilities	2,627,791	2,226,695	10,967	5,298
Deferred Inflow of Resources:				
Unavailable revenue	-	1,224,422	-	1,186,222
Total Deferred Inflow of Resources	-	1,224,422	-	1,186,222
Fund Balances:				
Nonspendable				
Prepaid items	74,939	-	-	-
Advances to other funds	741,556	-	-	-
Restricted				
Siemens energy saving project	-	-	-	-
Grants	-	1,277,840	-	-
Retirement	-	-	9,275,697	-
Housing	-	-	-	2,454,115
Nonmajor special revenue funds	-	-	-	-
Committed				
General Fund	10,826,927	-	-	-
Nonmajor special revenue funds	-	-	-	-
Assigned				
General Fund	14,414,724	-	-	-
Unassigned				
General Fund	4,144,661	-	-	-
Nonmajor special revenue funds	-	(874,249)	-	-
Total Fund Balances	30,202,807	403,591	9,275,697	2,454,115
Total Liabilities, Deferred inflow of Resources and Fund Balances	\$ 32,830,598	\$ 3,854,708	\$ 9,286,664	\$ 3,645,635

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Balance Sheet - Governmental Funds, Continued
June 30, 2017

	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>		
Cash and investments	\$ 9,485,765	\$ 49,117,233
Cash and investments held by fiscal agents	-	638
Accounts receivable	189,977	4,025,114
Interest receivable	16,550	182,664
Prepaid assets	-	74,939
Due from other funds	-	1,648,625
Loans receivable, net	-	1,872,797
Advances to other funds	-	741,556
Receivable from Successor Agency	-	1,646,331
Total Assets	\$ 9,692,292	\$ 59,309,897
<u>Liabilities, Deferred Inflow of Resources and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ 345,836	\$ 1,427,684
Accrued payroll	43,511	926,682
Deposits and advances	-	735,586
Due to other funds	165,054	1,648,625
Due to other governmental agencies	-	686,575
Advances from other funds	741,556	741,556
Total Liabilities	1,295,957	6,166,708
Deferred Inflow of Resources:		
Unavailable revenue	-	2,410,644
Total Deferred Inflow of Resources	-	2,410,644
Fund Balances:		
Nonspendable		
Prepaid items	-	74,939
Advances to other funds	-	741,556
Restricted		
Siemens energy saving project	-	-
Grants	-	1,277,840
Retirement	-	9,275,697
Housing	-	2,454,115
Nonmajor special revenue funds	8,418,656	8,418,656
Committed		
General Fund	-	10,826,927
Nonmajor special revenue funds	472,919	472,919
Assigned		
General Fund	-	14,414,724
Unassigned		
General Fund	-	4,144,661
Nonmajor special revenue funds	(495,240)	(1,369,489)
Total Fund Balances	8,396,335	50,732,545
Total Liabilities, Deferred inflow of Resources and Fund Balances	\$ 9,692,292	\$ 59,309,897

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CITY OF MONTEREY PARK
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position of Governmental Activities
June 30, 2017

Total fund balance of governmental funds in fund statements	\$ 50,732,545
Internal service funds are used by management to charge the costs of separation benefits, workers' compensation, vehicle, technology and general liability to individual funds. The assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Total net position is \$1,819,521 plus the portion of net position allocated to business-type activities of \$2,419,578.	4,239,099
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. (Total governmental assets of \$51,740,919 less internal service funds of \$1,185,225, which has already been accounted for in the reconciliation of internal service funds elimination).	50,555,694
Long-term liabilities in the amount of \$47,172,557, excluding net pension liabilities, are not due and payable in the current period and therefore are not reported in the governmental funds, net of \$11,961,647 included in reconciliation of internal service funds.	(35,210,910)
Interest on long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	(90,471)
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.	(82,010,579)
Pension contributions made during the year after the measurement date are reported as expenditures in governmental funds and as deferred outflow of resources in the government-wide financial statements.	7,105,867
Other deferred outflows and inflows of resources related to the net pension liability are reported only in the government-wide financial statements:	
Net difference between projected and actual earnings on pension plan investments	11,172,910
Difference between expected and actual experience	(1,637,822)
Changes in assumptions	(1,074,854)
Revenues earned but not available to pay for current expenditures for governmental funds are unavailable.	<u>2,410,644</u>
Net position of governmental activities	<u><u>\$ 6,192,123</u></u>

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds			
	General	Grants	Special Revenue	
			Retirement/Pension Liability	Housing
Revenues:				
Taxes	\$ 28,844,755	\$ -	\$ 6,538,403	\$ -
Licenses and permits	2,913,671	-	-	-
Intergovernmental revenues	-	1,851,272	-	-
Charges for services	6,494,232	-	-	-
Revenues from use of money and property	574,566	57,090	603	-
Fines and forfeitures	526,501	-	-	-
Other revenue	1,030,443	-	-	44,356
Total Revenues	<u>40,384,168</u>	<u>1,908,362</u>	<u>6,539,006</u>	<u>44,356</u>
Expenditures:				
Current:				
General government	3,877,086	-	1,967,018	-
Public safety	23,133,984	402,871	4,355,675	-
Community development	1,368,760	450,924	412,437	43,220
Culture and recreation	5,243,193	184,294	638,162	-
Highways and streets	782,661	31,869	43,165	-
Health	-	-	-	-
Capital outlay	1,541,007	1,322,574	-	-
Debt service:				
Principal retirement	48,916	481,921	450,000	-
Interest and fiscal charges	43,467	54,070	842,589	-
Total Expenditures	<u>36,039,074</u>	<u>2,928,523</u>	<u>8,709,046</u>	<u>43,220</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,345,094</u>	<u>(1,020,161)</u>	<u>(2,170,040)</u>	<u>1,136</u>
Other Financing Sources (Uses):				
Transfers in	94,877	43,475	2,100,000	-
Transfers out	<u>(2,643,475)</u>	<u>(103,211)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,548,598)</u>	<u>(59,736)</u>	<u>2,100,000</u>	<u>-</u>
Net Changes in Fund Balances	1,796,496	(1,079,897)	(70,040)	1,136
Fund Balances, Beginning of Year	28,406,311	1,483,488	9,345,737	2,452,979
Fund Balances, End of Year	<u>\$ 30,202,807</u>	<u>\$ 403,591</u>	<u>\$ 9,275,697</u>	<u>\$ 2,454,115</u>

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds, Continued
For the Year Ended June 30, 2017

	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 6,508,119	\$ 41,891,277
Licenses and permits	-	2,913,671
Intergovernmental revenues	-	1,851,272
Charges for services	227,435	6,721,667
Revenues from use of money and property	62,561	694,820
Fines and forfeitures	79,456	605,957
Other revenue	-	1,074,799
Total Revenues	6,877,571	55,753,463
Expenditures:		
Current:		
General government	-	5,844,104
Public safety	1,366,143	29,258,673
Community development	117,033	2,392,374
Culture and recreation	568,645	6,634,294
Highways and streets	3,922,526	4,780,221
Health	250,000	250,000
Capital outlay	551,883	3,415,464
Debt service:		
Principal retirement	389,319	1,370,156
Interest and fiscal charges	55,822	995,948
Total Expenditures	7,221,371	54,941,234
Excess (Deficiency) of Revenues Over Expenditures	(343,800)	812,229
Other Financing Sources (Uses):		
Transfers in	8,334	2,246,686
Transfers out	-	(2,746,686)
Total Other Financing Sources (Uses)	8,334	(500,000)
Net Changes in Fund Balances	(335,466)	312,229
Fund Balances, Beginning of Year, as Restated	8,731,801	50,420,316
Fund Balances, End of Year	\$ 8,396,335	\$ 50,732,545

CITY OF MONTEREY PARK
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balance - total governmental funds	\$ 312,229
Amount reported for governmental activities in the Statement of Activities are different because:	
Internal service funds are used by management to charge the costs of separation benefits, workers' compensation, vehicle, technology and general liability to individual funds. The net expense of certain activities of internal service fund of (\$2,524,992) is reported with governmental activities. This amount includes \$(1,502,762) charged to the Water and Refuse Enterprise Funds.	(1,019,714)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capitalizable capital outlay, net of internal service fund capital additions of \$396,017.	3,159,512
Depreciation expense, net of internal service fund depreciation expense of \$269,678.	(2,499,497)
Revenues that do not provide current financial resources are not recognized as revenues in the governmental funds.	1,224,422
Principal debt repayment was recorded as an expenditure. However, this transaction is not recorded in the Statement of Activities. Instead, this transaction is reported as long-term debt payable in the Statement of Net Position.	1,370,156
Changes in net pension obligation reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	2,611,522
Changes in compensated absences which are not due and payable in the governmental funds are charged to expenses in the Statement of Activities.	(49,343)
OPEB obligation costs are not due and payable in the current period and therefore are not reported in the governmental funds.	(145,868)
Interest on long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>2,125</u>
Change in net position of governmental activities	<u><u>\$ 4,965,544</u></u>

PROPRIETARY FUND FINANCIAL STATEMENTS

CITY OF MONTEREY PARK
Statement of Net Position -
Proprietary Funds
June 30, 2017

	Enterprise			Total
	Water Utility	Refuse	Nonmajor (Sewer)	
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 22,510,906	\$ 1,384,569	\$ 4,593,969	\$ 28,489,444
Accounts receivable	4,782,326	750,415	333,917	5,866,658
Inventory	-	-	-	-
Total Current Assets	<u>27,293,232</u>	<u>2,134,984</u>	<u>4,927,886</u>	<u>34,356,102</u>
Noncurrent Assets:				
Nondepreciable capital assets	3,907,344	-	43,749	3,951,093
Depreciable capital assets, net of accumulated depreciation	32,460,112	17,209	1,738,621	34,215,942
Total Capital Assets	<u>36,367,456</u>	<u>17,209</u>	<u>1,782,370</u>	<u>38,167,035</u>
Total Noncurrent Assets	<u>36,367,456</u>	<u>17,209</u>	<u>1,782,370</u>	<u>38,167,035</u>
Total Assets	<u>63,660,688</u>	<u>2,152,193</u>	<u>6,710,256</u>	<u>72,523,137</u>
<u>Deferred Outflow of Resources</u>				
Amounts related to pension plans	<u>1,148,027</u>	<u>183,751</u>	<u>84,226</u>	<u>1,416,004</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	2,797,242	470,235	60,918	3,328,395
Accrued payroll	108,153	15,592	10,483	134,228
Deposits and advances	433,343	-	-	433,343
Insurance assessments payable - due within one year	-	-	-	-
Claims and judgments payable - due within one year	-	-	-	-
Capital lease obligations - due within one year	757,704	-	-	757,704
Compensated absences payable - due within one year	58,418	12,863	4,559	75,840
Total Current Liabilities	<u>4,154,860</u>	<u>498,690</u>	<u>75,960</u>	<u>4,729,510</u>
Noncurrent Liabilities:				
Insurance assessments payable - due in more than one year	-	-	-	-
Claims and judgments payable - due in more than one year	-	-	-	-
Capital lease obligations - due in more than one year	9,808,942	-	-	9,808,942
Compensated absences payable - due in more than one year	525,763	115,766	41,031	682,560
OPEB obligations payable	766,531	166,919	44,725	978,175
Net pension liabilities	7,058,841	1,114,553	371,519	8,544,913
Total Noncurrent Liabilities	<u>18,160,077</u>	<u>1,397,238</u>	<u>457,275</u>	<u>20,014,590</u>
Total Liabilities	<u>22,314,937</u>	<u>1,895,928</u>	<u>533,235</u>	<u>24,744,100</u>
<u>Deferred Inflow of Resources</u>				
Amounts related to pension plans	<u>94,012</u>	<u>14,844</u>	<u>4,948</u>	<u>113,804</u>
<u>Net Position</u>				
Net investment in capital assets	25,800,810	-	1,782,370	27,583,180
Restricted for Siemens energy savings projects	-	-	-	-
Unrestricted	16,598,956	425,172	4,473,929	21,498,057
Total Net Position	<u>\$ 42,399,766</u>	<u>\$ 425,172</u>	<u>\$ 6,256,299</u>	<u>\$ 49,081,237</u>
Adjustment to reflect the consolidation of internal service funds activities to related enterprise fund				
	<u>(2,136,626)</u>	<u>(282,952)</u>	<u>-</u>	<u>(2,419,578)</u>
Net Position of Business-type Activities	<u>\$ 40,263,140</u>	<u>\$ 142,220</u>	<u>\$ 6,256,299</u>	<u>\$ 46,661,659</u>

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Net Position -
Proprietary Funds, Continued
June 30, 2017

	Internal Service
<u>Assets</u>	
Current Assets:	
Cash and investments	\$ 12,909,286
Accounts receivable	-
Inventory	4,216
Total Current Assets	12,913,502
Noncurrent Assets:	
Nondepreciable capital assets	43,749
Depreciable capital assets, net of accumulated depreciation	1,141,476
Total Capital Assets	1,185,225
Total Noncurrent Assets	1,185,225
Total Assets	14,098,727
<u>Deferred Outflow of Resources</u>	
Amounts related to pension plans	-
<u>Liabilities</u>	
Current Liabilities:	
Accounts payable	266,400
Accrued payroll	51,159
Deposits and advances	-
Insurance assessments payable - due within one year	163,514
Claims and judgments payable - due within one year	1,951,303
Capital lease obligations - due within one year	-
Compensated absences payable - due within one year	6,243
Total Current Liabilities	2,438,619
Noncurrent Liabilities:	
Insurance assessments payable - due in more than one year	1,471,629
Claims and judgments payable - due in more than one year	8,312,774
Capital lease obligations - due in more than one year	-
Compensated absences payable - due in more than one year	56,184
OPEB obligations payable	-
Net pension liabilities	-
Total Noncurrent Liabilities	9,840,587
Total Liabilities	12,279,206
<u>Deferred Inflow of Resources</u>	
Amounts related to pension plans	-
<u>Net Position</u>	
Net investment in capital assets	1,185,225
Restricted	-
Unrestricted	634,296
Total Net Position	\$ 1,819,521

CITY OF MONTEREY PARK
Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Funds
For the Year Ended June 30, 2017

	Enterprise			Total
	Water Utility	Refuse	Nonmajor (Sewer)	
Operating Revenues:				
Charges for services	\$ 13,333,399	\$ 7,124,768	\$ 2,843,412	\$ 23,301,579
Meter installations	106,277	-	-	106,277
Other revenue	1,218,076	-	-	1,218,076
Total Operating Revenues	<u>14,657,752</u>	<u>7,124,768</u>	<u>2,843,412</u>	<u>24,625,932</u>
Operating Expenses:				
Administration	5,008,725	1,350,292	-	6,359,017
Commercial - water	547,722	-	-	547,722
Production - water	1,215,199	-	-	1,215,199
Distribution - water	1,228,113	-	-	1,228,113
Treatment plant	2,260,686	-	-	2,260,686
Street maintenance - refuse	-	7,082	-	7,082
Storm drain maintenance - refuse	-	151,878	-	151,878
Refuse collection	-	5,610,650	-	5,610,650
Sanitary sewer maintenance	-	-	1,159,732	1,159,732
Depreciation	1,632,983	290	172,452	1,805,725
Salaries and benefits	-	-	-	-
Materials and supplies	-	-	-	-
Insurance and claims	-	-	-	-
Miscellaneous	-	-	-	-
Total Operating Expenses	<u>11,893,428</u>	<u>7,120,192</u>	<u>1,332,184</u>	<u>20,345,804</u>
Operating Income (Loss)	<u>2,764,324</u>	<u>4,576</u>	<u>1,511,228</u>	<u>4,280,128</u>
Nonoperating Revenues (Expenses):				
Intergovernmental grants	1,861,096	-	-	1,861,096
Interest revenue	105	-	-	105
Interest expense	(330,023)	-	-	(330,023)
Gain on sale of surplus property	20,878	-	-	20,878
Total Nonoperating Revenues (Expenses)	<u>1,552,056</u>	<u>-</u>	<u>-</u>	<u>1,552,056</u>
Net Income (Loss) Before Capital Contributions and Transfers	4,316,380	4,576	1,511,228	5,832,184
Capital Contributions	55,357	-	-	55,357
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Position	4,371,737	4,576	1,511,228	5,887,541
Net Position, Beginning of Year	38,028,029	420,596	4,745,071	43,193,696
Net Position, End of Year	<u>\$ 42,399,766</u>	<u>\$ 425,172</u>	<u>\$ 6,256,299</u>	<u>\$ 49,081,237</u>
Changes in Net Position	\$ 4,371,737	\$ 4,576	\$ 1,511,228	\$ 5,887,541
Adjustment to reflect the consolidation of internal service fund activities to related enterprise fund	(1,304,069)	(198,693)	-	(1,502,762)
Changes in Net Position of Business-type Activities	<u>\$ 3,067,668</u>	<u>\$ (194,117)</u>	<u>\$ 1,511,228</u>	<u>\$ 4,384,779</u>

CITY OF MONTEREY PARK
Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Funds, Continued
For the Year Ended June 30, 2017

	Internal Service
Operating Revenues:	
Charges for services	\$ 6,543,535
Meter installations	-
Other revenue	64,511
Total Operating Revenues	6,608,046
Operating Expenses:	
Administration	-
Commercial - water	-
Production - water	-
Distribution - water	-
Treatment plant	-
Street maintenance - refuse	-
Storm drain maintenance - refuse	-
Refuse collection	-
Sanitary sewer maintenance	-
Depreciation	269,678
Salaries and benefits	1,438,553
Materials and supplies	710,379
Insurance and claims	6,908,374
Miscellaneous	306,054
Total Operating Expenses	9,633,038
Operating Income (Loss)	(3,024,992)
Nonoperating Revenues (Expenses):	
Interest revenue	-
Interest revenue	-
Interest expense	-
Gain on sale of surplus property	2,516
Total Nonoperating Revenues (Expenses)	2,516
Net Income (Loss) Before Capital Contributions	(3,022,476)
Capital Contributions	-
Transfers In	1,800,000
Transfers Out	(1,300,000)
Changes in Net Position	(2,522,476)
Net Position, Beginning of Year	4,341,997
Net Position, End of Year	\$ 1,819,521

CITY OF MONTEREY PARK
Statement of Cash Flows -
Proprietary Funds
For the Year Ended June 30, 2017

	Enterprise Funds			Total
	Water Utility	Refuse	Nonmajor (Sewer)	
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 13,944,869	\$ 7,085,806	\$ 2,807,883	\$ 23,838,558
Cash receipts from interfund services provided	-	-	-	-
Cash receipts from reimbursements and other operating revenue	-	-	-	-
Cash payments to suppliers for goods and services	(6,824,797)	(5,615,412)	(490,502)	(12,930,711)
Cash payments to employees for services	(4,636,498)	(1,138,650)	(664,735)	(6,439,883)
Cash payments for insurance premiums and self-insurance claims	-	-	-	-
Net Cash Provided by (Used in) Operating Activities	<u>2,483,574</u>	<u>331,744</u>	<u>1,652,646</u>	<u>4,467,964</u>
Cash Flows from Noncapital and Related Financing Activities:				
Cash received from other funds	-	-	-	-
Cash paid to other funds	-	-	-	-
Net Cash Provided by (Used In) Noncapital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(2,031,811)	(17,505)	(633,040)	(2,682,356)
Capital contributions	55,357	-	-	55,357
Proceeds from sale of surplus property	20,878	-	-	20,878
Principal paid on lease financing	(1,560,030)	-	-	(1,560,030)
Interest paid on lease financing	(330,023)	-	-	(330,023)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(3,845,629)</u>	<u>(17,505)</u>	<u>(633,040)</u>	<u>(4,496,174)</u>
Cash Flows from Investing Activities:				
Interest received	105	-	-	105
Net Cash Provided by Investing Activities	<u>105</u>	<u>-</u>	<u>-</u>	<u>105</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,361,950)	314,239	1,019,606	(28,105)
Cash and Cash Equivalents, Beginning of Year	<u>23,872,856</u>	<u>1,070,330</u>	<u>3,574,363</u>	<u>28,517,549</u>
Cash and Cash Equivalents, End of Year	<u>\$ 22,510,906</u>	<u>\$ 1,384,569</u>	<u>\$ 4,593,969</u>	<u>\$ 28,489,444</u>
Cash and investments	\$ 22,510,906	\$ 1,384,569	\$ 4,593,969	\$ 28,489,444
Cash and investments with fiscal agent	-	-	-	-
Total Cash and Cash Equivalents	<u>\$ 22,510,906</u>	<u>\$ 1,384,569</u>	<u>\$ 4,593,969</u>	<u>\$ 28,489,444</u>

CITY OF MONTEREY PARK
Statement of Cash Flows -
Proprietary Funds, Continued
For the Year Ended June 30, 2017

	Internal Service
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ -
Cash receipts from interfund services provided	6,543,535
Cash receipts from reimbursements and other operating revenue	61,496
Cash payments to suppliers for goods and services	(1,069,369)
Cash payments to employees for services	(1,480,056)
Cash payments for insurance premiums and self-insurance claims	(4,428,982)
Net Cash Provided by (Used in) Operating Activities	(370,361)
Cash Flows from Noncapital and Related Financing Activities:	
Cash received from other funds	1,800,000
Cash paid to other funds	(1,300,000)
Net Cash Provided by (Used In) Noncapital and Related Financing Activities	500,000
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(266,937)
Capital contributions	-
Proceeds from sale of surplus assets	2,516
Principal paid on lease financing	-
Interest paid on lease financing	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(264,421)
Cash Flows from Investing Activities:	
Interest received	-
Net Cash Provided by Investing Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	(134,782)
Cash and Cash Equivalents, Beginning of Year	13,044,068
Cash and Cash Equivalents, End of Year	\$ 12,909,286
Cash and investments	\$ 12,909,286
Cash and investments with fiscal agent	-
Total Cash and Cash Equivalents	\$ 12,909,286

CITY OF MONTEREY PARK
Statement of Cash Flows -
Proprietary Funds, Continued
For the Year Ended June 30, 2016

	Enterprise Funds			Total
	Water Utility	Refuse	Nonmajor (Sewer)	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (Loss)	\$ 2,764,324	\$ 4,576	\$ 1,511,228	\$ 4,280,128
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	1,632,983	290	172,452	1,805,725
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(712,883)	(38,962)	(35,529)	(787,374)
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in deferred outflows or resources - pension plans	(577,096)	(93,604)	(54,177)	(724,877)
Increase (decrease) in accounts payable	(1,293,784)	354,957	46,034	(892,793)
Increase (decrease) in accrued payroll	(20,785)	(5,549)	(2,280)	(28,614)
Increase (decrease) in deposits and advances	13,442	-	-	13,442
Increase (decrease) in insurance assessment payable	-	-	-	-
Increase (decrease) in claims and judgments payable	-	-	-	-
Increase (decrease) in compensated absences payable	28,001	6,669	(21,976)	12,694
Increase (decrease) in OPEB obligations payable	21,362	4,208	3,841	29,411
Increase (decrease) in net pension liabilities	1,039,377	164,112	54,704	1,258,193
Increase (decrease) in deferred inflows or resources - pension plans	(411,367)	(64,953)	(21,651)	(497,971)
Total Adjustments	(280,750)	327,168	141,418	187,836
Net Cash Provided by (Used in) Operating Activities	\$ 2,483,574	\$ 331,744	\$ 1,652,646	\$ 4,467,964

(Continued)

CITY OF MONTEREY PARK
Statement of Cash Flows -
Proprietary Funds, Continued
For the Year Ended June 30, 2016

	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (Loss)	\$ (3,024,992)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	269,678
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	-
(Increase) decrease in inventory	(1,036)
(Increase) decrease in deferred outflows or resources - pension plans	-
Increase (decrease) in accounts payable	(107,425)
Increase (decrease) in accrued payroll	(5,112)
Increase (decrease) in deposits and advances	-
Increase (decrease) in claims and judgments payable	1,635,143
Increase (decrease) in claims and judgments payable	899,774
Increase (decrease) in compensated absences payable	(36,391)
Increase (decrease) in OPEB obligations payable	-
Increase (decrease) in net pension liabilities	-
Increase (decrease) in deferred inflows or resources - pension plans	-
Total Adjustments	2,654,631
Net Cash Provided by (Used in) Operating Activities	\$ (370,361)

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FIDUCIARY FUND FINANCIAL STATEMENTS

CITY OF MONTEREY PARK
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private-Purpose Trust Fund	Agency Funds
Current Assets:		
Cash and investments	\$ 364,731	\$ 2,719,760
Cash and investments with fiscal agent	1,706,590	-
Total Assets	2,071,321	\$ 2,719,760
Current Liabilities:		
Accounts payable	36,319	\$ 31,750
Deposits payable	196,190	2,688,010
Interest payable	269,820	-
Current portion of noncurrent liabilities	1,295,000	-
Total Current Liabilities	1,797,329	2,719,760
Noncurrent Liabilities:		
Advances from City of Monterey Park	1,646,331	-
Bonds payable, net of current portion	16,642,859	-
Tax increment deferred loans	60,045,913	-
Low/Mod Housing deferred loans	1,186,222	-
Total Noncurrent Liabilities	79,521,325	-
Total Liabilities	81,318,654	\$ 2,719,760
Net Position (Deficit):		
Net position (deficit) held in trust for debt service and certain administrative expenses	\$ (79,247,333)	

CITY OF MONTEREY PARK
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Private-Purpose Trust Fund
Additions:	
Redevelopment Property Tax Trust Fund	\$ 2,491,806
Investment income	2,391
Total Additions	2,494,197
Deductions:	
Administration	250,000
Interest expense and fiscal charges	4,528,713
Total Deductions	4,778,713
Change in net position	(2,284,516)
Net Position, Beginning of Year	(76,962,817)
Net Position, End of Year	\$ (79,247,333)

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CITY OF MONTEREY PARK
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The City of Monterey Park, California (the “City”) was incorporated May 29, 1916 under the general laws of the State of California and enjoys all the rights and privileges pertaining to “General Law” cities. The City is governed by an elected five-member City Council. As required by generally accepted accounting principles in the United States of America, the financial statements include the financial activities of the City (the primary government), the Monterey Park Public Financing Authority, and the Monterey Park Housing Authority. These blended component units are discussed below and are included in the reporting entity because of the significance of their operational and financial relationship with the City.

Blended Component Units

The Monterey Park Public Financing Authority

The Monterey Park Public Financing Authority (the “Financing Authority”) was organized in May 1989 under a joint exercise of power agreement to provide for the financing of public capital improvements for the City and the former Redevelopment Agency of Monterey Park. The members of the City Council act as the governing board of the Financing Authority and there is a financial benefit or burden relationship between the City and the Financing Authority. The Financing Authority does not issue separate financial statements.

The Monterey Park Housing Authority

The Monterey Park Housing Authority (the “Housing Authority”) was established in September 1992 to provide affordable housing within the City. The members of the City Council act as the governing board of the Housing Authority and there is a financial benefit or burden relationship between the City and the Housing Authority. The Housing Authority does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal 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 and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

The government-wide and proprietary fund financial statements are reported using the "*economic resources*" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the "*current financial resources*" measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The primary revenue sources susceptible to accrual are property taxes, sales taxes, state gas tax subventions, franchise fees, transient occupancy tax, charges for services, and interests associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The ***General Fund*** is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenses and capital improvement costs which are not paid through other funds, are paid from this fund.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The ***Special Revenue Grants Fund*** was established to account for the grants requiring segregated fund accounting. Financing is provided by federal, state and county agencies.

The ***Special Revenue Retirement/Pension Liability Fund*** was established to account for revenue received from voter-approved property tax levied to provide for employee retirement costs, as established pursuant to Monterey Park Municipal Code Section 2.40.060 and to account for the financial resources provided by the City in anticipation of estimated increases in retirement costs.

The ***Special Revenue Housing Fund*** is used to account for housing activities for the City and revenue received from housing loan repayments and rental income.

The City reports the following major proprietary funds:

The ***Water Utility Enterprise Fund*** is used to account for operations that are financed and operated in a manner similar to private business enterprises and where the intent of the City is that the costs (expenses, including depreciation) of providing goods services to the general public on a continuing basis be financed or recovered primarily through user charges. The City accounts for its water utility in this fund.

The ***Refuse Enterprise Fund*** is used to account for receipts and expenditures relating to waste management activities including refuse collection, disposal and reduction.

Additionally, the City reports the following fund types:

Nonmajor Governmental Funds

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

Nonmajor Enterprise Funds

The ***Sewer Enterprise Fund*** is used to account for receipts and expenses for construction and improvement to deficient sanitary mains identified in the Sewer Master Plan.

Proprietary Fund (Internal Service Funds)

The ***Internal Service Funds*** are utilized to finance and account for activities involved in rendering services to departments within the City. Costs of services are accumulated in these funds and charged to user departments as such costs are incurred. The City maintains five internal service funds for general liability claims, workers' compensation claims, auto shop operations, separation benefits, and technology development.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Fiduciary Funds

The ***Private Purpose Trust Fund*** is used to account for activities of the Successor Agency to the Former Monterey Park Redevelopment Agency (the “Successor Agency”).

The ***Agency Funds*** are used to account for money and property held by the City as trustee or custodian, including special deposits and construction agency funds.

The fiduciary funds are reported using the accrual basis of accounting. The private-purpose trust fund is also reported using the economic resources measurement focus. The agency funds have no measurement focus.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges paid by the government’s water function to various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to members, customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Water Utility Enterprise Fund, Refuse Enterprise Fund, Sewer Enterprise Fund, and of the government’s internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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 non operating revenues and expenses.

D. Property Taxes

Under California law, property taxes are assessed and collected by the counties at 1% of assessed value plus other increases approved by the voters. Property taxes collected go into a pool and are then allocated to the cities based on a predetermined formula. The City accrues only those taxes which are received from the County of Los Angeles within 60 days after year-end.

Lien date:	January 1
Levy date:	June 30
Due dates:	November 1, February 1
Delinquent dates:	December 11, April 11

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, the City considers cash and all highly liquid investments with original maturities of three months or less from date purchased as cash and cash equivalents. In addition, funds invested in the City's cash management pool are considered cash equivalents.

F. Investments

Investments are reported in the accompanying financial statements at fair value which 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. Investments in external pools are valued based on the stated fair value represented by the external pool.

G. Inventories

Inventories held by the Internal Service Funds are recorded at cost on a first-in, first-out basis. The inventories consist primarily of repair parts, fuel and oil. The City uses the consumption method for inventory control.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, sidewalks, drainage systems, lighting systems, etc.), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. These assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The capitalization threshold for property, plant and equipment is \$5,000 and for infrastructure assets is \$200,000. Depreciation is recorded in the government-wide financial statements on a straight-line basis over the useful life of the assets as follows:

Depreciation is charged to operations, using a straight-line method based on the following average useful lives of the assets:

Equipment	5 to 20 years
Buildings	40 to 50 years
Improvements	10 to 50 years
Water meters	20 years
Water mains	40 to 75 years
Water hydrants	40 years
Wells	40 years
Other water equipment	5 to 40 years
Infrastructure:	
Roadway	25 years
Bridge	40 years
Sewer system	50 years
Streetlight	20 years
Traffic signal	20 years

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

I. Compensated Absences

The cost of earned but unused vacation and sick leave, for which the City has a future obligation to pay, is recognized in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they become due and payable as a result of employee resignations or retirements.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	July 1, 2015 to June 30, 2016
 <u>MMRP</u>	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

K. Other Post Employment Benefits

In addition to the pension benefits, the City provides postretirement medical insurance benefits (Note 11), in accordance with contractual provisions of the various Memoranda of Understanding with the City's recognized employee organizations, to all vested employees who retire from the City. Currently, 291 retirees meet those eligibility requirements. The City contributes between \$340 and \$1,200 per month toward medical insurance coverage for retired employees. For those retirees who are eligible for Medicare, the City contributes toward Medicare supplemental insurance coverage. Upon retirement, vested full-time employees may, at their own cost, convert group life insurance coverage to individual life insurance coverage.

Expenditures for postretirement medical insurance benefits are recognized as annual premiums and are paid on a pay-as-you-go basis. During the year, expenditures of \$1,262,721 were recognized for postretirement medical insurance. Decreases over the prior year expenditure of \$18,292 were attributable to decreased monthly contributions for retirees due to more Medicare coverage for more retirees. The City also made a contribution of \$1,050,000 during fiscal year 2016-2017 for a prefunding solution.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

K. Other Post Employment Benefits, Continued

Post employment benefits for employees that separate for reasons other than retirement are limited to those required under the provisions of COBRA and require no contribution by the City.

L. Claims and Judgments

The accrual for workers' compensation and general liability claims is based upon past experience which has been modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2017 is dependent on future developments, based on information from the plan administrators, City management believes that the aggregate accrual is adequate to cover such losses, including amounts for incurred but not reported claims (Note 13).

M. Fund Equity and Net Position

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance - This amount indicates the portion of fund balances which cannot be spent because they are either not in spendable form, such as prepaid items, inventories or loans receivable, or legally or contractually required to be maintained intact, such as the principal portion of an endowment.

Restricted Fund Balance - This amount indicates the portion of fund balances which has been restricted a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - This amount indicates the portion of fund balances which can only be used for specific purposes pursuant to formal resolution or ordinance of the City Council. The City Council is considered the highest authority for the City. Adoption of a resolution by the City Council is required to commit resources or to rescind the commitment.

Assigned Fund Balance - This amount indicates the portion of fund balances which is constrained by the City's intent to be used for specific purpose, but is neither restricted nor committed. The City Manager is authorized by the City Council by resolution to determine and define the amount of assigned fund balances.

Unassigned Fund Balance - This amount indicates the portion of fund balances that do not fall into one of the above categories. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount.

When expenditures are incurred for purposes in which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, and then unrestricted fund balances as they are needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

M. Fund Equity and Net Position, Continued

Net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component of net position consists of restricted amounts by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted - This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When expenses are incurred for purposes in which both restricted and unrestricted components of net position are available, the City's policy is to apply the restricted component of net position assets first.

N. Use of Estimates

The preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

O. New Accounting Pronouncements

Current Year Standards

GASB 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, contains provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016, and did not impact the City.

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

GASB 77 - *Tax Abatement Disclosure*, effective for periods beginning after December 15, 2015. The implementation of this standard resulted in additional disclosures for the notes to the basic financial statements.

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

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

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

O. New Accounting Pronouncements, Continued

Current Year Standards, Continued

Pending Accounting Standards

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

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

2. CASH AND INVESTMENTS

Cash and Investments

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

	Government-Wide			Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Total		
Cash and investments	\$ 62,026,519	\$ 28,489,444	\$ 90,515,963	\$ 3,084,491	\$ 93,600,454
Cash and investments held by fiscal agent	638	-	638	1,706,590	1,707,228
Total Cash and Investments	\$ 62,027,157	\$ 28,489,444	\$ 90,516,601	\$ 4,791,081	\$ 95,307,682

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

Cash:

Cash on hand	\$ 4,450
Demand deposits with financial institutions	1,888,121
Total Cash	1,892,571

Investments:

Certificates of deposits with financial institutions	8,580,000
Local Agency Investment Fund (LAIF)	318,738
Los Angeles County Treasury Pool	82,809,145
Money market mutual fund	1,707,228
Total Investments	93,415,111

Total Cash and Investments **\$ 95,307,682**

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

2. CASH AND INVESTMENTS, CONTINUED

Cash and Investments, Continued

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

Interest income earned on pooled cash and investments is allocated quarterly to the General Fund and certain designated Special Revenue Funds based on the month-end cash and investment balances. Proceeds obtained from long-term debt issuances including construction, lease payment and reserve fund balances are held by the City or by fiscal agents on behalf of the City and invested in the City's name. Interest income on proceeds of debt is credited directly to the related fund, as defined by the Bond Indenture.

Tax allocation bonds reserve balances held by fiscal agents were transferred to the Successor Agency from the Former Monterey Park Redevelopment Agency and were reported in the Fiduciary Fund.

Deposits

At June 30, 2017, the carrying amount of the City's demand deposits was \$1,888,121 and the bank balance was \$3,056,501. The \$1,168,380 difference represents outstanding checks, deposits in transit, and other reconciling items.

Investments Authorized by the City's Investment Policy

Under provisions of the City's investment policy and in accordance with Section 53601 of the California Government Code, the City may invest in the types of investments listed in the table below. The table also identifies certain provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

2. CASH AND INVESTMENTS, CONTINUED

Authorized Investment Type	Maximum % of Portfolio	Maximum Maturity	Minimum Quality
<u>Local Agency Bonds</u> Bonds issued by the City, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the City or authority of the City	None	5 years	None
<u>U.S. Treasury Obligations</u> - United States Treasury Notes, Bonds, Bills or other certificates of indebtedness backed by the US government - U.S. Treasury Zero Coupons	None	5 years	None
<u>State Obligations - CA and Others</u> Bonds, notes or other evidence of indebtedness of any local agency within this state	None	5 years	None
<u>U.S. Agency Obligations</u> Discount notes or notes issued by Agencies of the Federal Government	None	5 years	None
<u>Collateralized Bank Deposits</u> Non - negotiable Certificate of Deposit issued by a nationally or state - chartered bank or association or a State - licensed branch or a foreign bank (insured by the federal government); Bank Collateralized Savings.	None	5 years	None
Medium-term notes issued by corporations	30%	5 years	"A" or better ranking by nationally recognized rating service U.S. domiciled corporations or U.S. licensed depository
<u>Local Agency Investment Fund (LAIF)</u> State of California Local Agency Investment Fund (LAIF) or other Local Government Investment Pools established by public entities	None	Not applicable	None
<u>Los Angeles County Pooled Investment Fund</u> California Government Code Section 53684 allows local agencies in the County of Los Angeles to deposit excess funds in the Los Angeles County Treasury Pool for the purpose of investment by the Treasurer and Tax Collector of the County	10% of LACPIF pool balance	None	None
Mutual Funds and Money Market Mutual Funds	20%	Not applicable	Highest ranking by not less 2 largest rating services Have an SEC registered investment advisor with more than 5 years' experience Assets under management greater than \$500 million
"Banker's acceptance"	40% of portfolio (no more than 30% in any one commercial bank)	180 days	None
Commercial Paper	40% of portfolio for counties, cities and other local agencies (No more than 10% of agency's money in the commercial paper of any one corporate issuer)	270 days	"A" or higher rating for issuer's debt within U.S. corporations and have assets in excess of \$500 million.
Repurchase Agreements	Not Allowable	Not Allowable	Not Allowable
<u>Negotiable Certificates of Deposit</u> Negotiable Certificates of Deposit issued by a nationally or State - chartered Bank, a federal association, or a State - licensed branch of a foreign - owned bank (insured by the federal government).	30%	5 years	None
Financial Futures and Financial option contracts.	None	5 years	None
Reverse Repurchase Agreements and Securities Lending Agreements	Not Allowable	Not Allowable	Not Allowable
<u>Mortgage Pass-Through Securities</u> - Mortgage-backed securities (Corporate issued)	Not specified		
- Diversified Management Companies	20%	5 years	"A" or better ranking by nationally recognized rating service

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

2. CASH AND INVESTMENTS, CONTINUED

Investments Authorized by Debt Agreements

In addition to the investment types listed above, the City may also invest appropriate funds in money market mutual funds and LAIF in accordance with bond indentures.

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. LAIF and LACPIF do not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the City, as summarized above, contains certain limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent more than 5% of total City investments.

Custodial 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 City's investment policy contains the following policy requirements that would limit the exposure to custodial credit risk for deposits: The City's investment policy limits investments in Certificates of Deposits to those insured up to \$250,000 by the Federal Deposit Insurance Corporation.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the face value of the deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total deposits. The City may waive collateral requirements for deposits which are fully insured by federal depository insurance. However, the City has not waived the collateralization requirements.

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. As of year-end, the average life-month end maturity of the investments contained in the LAIF investment pool is approximately 194 days and in the Los Angeles County Treasury Pool is approximately 672 days.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

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 to market interest rate fluctuations is provided by the following table that shows the remaining maturity of each investment:

<u>Investments</u>	<u>Credit Rating</u>	<u>Fair Value June 30, 2017</u>	<u>Maturity</u>	
			<u>12 Months or Less</u>	<u>1 to 2 Years</u>
Treasury Investments:				
Certificates of Deposit	N/A *	\$ 8,580,000	\$ 4,405,000	\$ 4,175,000
LAIF	N/A *	318,738	318,738	-
Los Angeles County Treasury Pool	N/A *	<u>82,809,145</u>	<u>82,809,145</u>	<u>-</u>
Total Treasury Investments		<u>91,707,883</u>	<u>87,532,883</u>	<u>4,175,000</u>
Investments Held by Fiscal Agents:				
Money Market Mutual Fund	AAA	<u>1,707,228</u>	<u>1,707,228</u>	<u>-</u>
Total Investments Held by Fiscal Agents		<u>1,707,228</u>	<u>1,707,228</u>	<u>-</u>
Total Investments		<u>\$ 93,415,111</u>	<u>\$ 89,240,111</u>	<u>\$ 4,175,000</u>

* - There is no rating for the Investments in LAIF, Los Angeles County Treasury Pool, Certificates of Deposit.

Investment in State Investment Pool

The City is a voluntary participant in LAIF which 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 prorated 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.

The City's investments with LAIF at June 30, 2017 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30 2017, the City had \$318,738 invested in LAIF, which had invested 99% of the pool investment funds in Structured notes and Medium-term Asset-backed Securities. The LAIF fair value factor of 0.998940671 was used to calculate the fair value of the investments in LAIF.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

2. CASH AND INVESTMENTS, CONTINUED

Investment in Los Angeles County Investment Pool

The City is a voluntary participant in the Los Angeles County Investment Pool pursuant to Government Code Section 53684. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the Los Angeles County Investment Pool's Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Projections are to be performed no less than semi-annually. In accordance with Government Code Section 27136, all requests for withdrawal of funds for the purpose of investing or depositing the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. At June 30, 2017, the City had \$82,809,145 invested in the Los Angeles County Investment Pool.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. 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.

As of June 30, 2017, the City did not have any investments that were subject to the fair value hierarchy requirement.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

3. RECEIVABLES

Receivables of the City as of June 30, 2017 were:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Receivable:			
Property taxes	\$ 598,021	\$ -	\$ 598,021
Sales taxes	1,514,817	-	1,514,817
Utility taxes	231,377	-	231,377
Water, sewer and refuse sales	-	4,005,562	4,005,562
Subvention and grants	1,448,089	1,861,096	3,309,185
Other	<u>232,810</u>	<u>-</u>	<u>232,810</u>
Total Accounts Receivable	<u>\$ 4,025,114</u>	<u>\$ 5,866,658</u>	<u>\$ 9,891,772</u>
Interest Receivable	<u>\$ 182,664</u>	<u>\$ -</u>	<u>\$ 182,664</u>
Loans Receivable:			
Residential Rehabilitation (CDBG) (Note 9)	\$ 48,015	\$ -	\$ 48,015
SERA Program (Note 9)	4,322	-	4,322
Pacific Housing Loan (Note 9)	235,690	-	235,690
Pacific Bridge Loan (Note 9)	398,548	-	398,548
First-Time Homebuyers (Housing)	118,913	-	118,913
Critical Maintenance (Housing)	52,011	-	52,011
Critical Maintenance (Grants)	533,183	-	533,183
Abajo del Sol Loan (Grants)	2,188,830	-	2,188,830
LINC Community Development (Housing)	2,197,560	-	2,197,560
LINC Community Development (Grants)	880,737	-	880,737
Low/Mod Housing Deferred Loans	<u>1,186,222</u>	<u>-</u>	<u>1,186,222</u>
Subtotal	7,844,031	-	7,844,031
Less: Allowance for Uncollectible Loans	<u>(5,971,234)</u>	<u>-</u>	<u>(5,591,234)</u>
Total Loans Receivable, Net	<u>\$ 1,872,797</u>	<u>\$ -</u>	<u>\$ 1,872,797</u>
Total Receivables	<u>\$ 6,080,575</u>	<u>\$ 5,866,658</u>	<u>\$ 11,947,233</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

3. RECEIVABLES, CONTINUED

Following is the detail of Loans Receivable:

- A. *Residential Rehabilitation:*** The City provided low interest financing for the rehabilitation of residential sites within the City through the Community Development Block Grant program. The amount of outstanding loan balance at June 30, 2017 is \$48,015 and has been recorded as notes receivable in the Special Revenue Grants Fund.
- B. *SERA Program:*** The City participated in the State Earthquake Rehabilitation Assistance (“SERA”) program to assist residents with the application and loan processes for residential repairs and rehabilitation following the October 1987 Whittier-Narrows earthquake. The outstanding balance of loans placed through the program is \$4,322 at June 30, 2017 and has been recorded as notes receivable in the Special Revenue Grants Fund.
- C. *Pacific Housing Loan:*** On July 21, 2004, the City entered into an agreement to provide a loan to Pacific Housing Development Corporation for the purpose of construction and renovation of an affordable housing facility for persons with developmental disabilities. The loan, funded in April 2005, consists of a permanent residual receipts loan in the amount of \$175,000 and a subordinated construction loan in the amount of \$225,000. The subordinated construction loan has been paid off by Pacific Housing in 2008-09. Other remaining amounts bear interest at the rate of three percent per annum until paid. The loan was funded by use of Federal HOME Program funds and is reported in the Special Revenue Grants Fund. At June 30, 2017, outstanding principal and interest are \$175,000 and \$60,690, respectively.
- D. *Pacific Bridge Loan:*** In 1995, the former Redevelopment Agency entered into a thirty-year loan agreement with Pacific Bridge Housing Corporation for the purpose of construction and renovation of a disabled adult affordable housing facility. In the agreement the former Redevelopment Agency agreed to loan to Pacific Bridge Housing Corporation up to the maximum sum of \$240,478 bearing interest at the rate of three percent per annum until paid. Principal and interest payments are due in annual installments commencing upon February 15 of the first full calendar year following the date of the initial occupancy of the facility and continuing annually thereafter on each successive February 15 through and including the date which is thirty (30) years after the Repayment Commencement Date. The amount of such annual installments payable by Borrower is based on the Annual Residential Receipt Installments as described in the agreement. During 1996-97, the loan was funded by the use of federal HOME Program funds, and is reported in the Special Revenue Grants Fund. At June 30, 2017, outstanding principal and interest are \$240,478 and \$158,070, respectively.
- E. *First Time Homebuyers:*** Beginning 1996-97, the City provided second mortgage loans through the First-Time Homebuyer Program to assist qualified first-time homebuyers to purchase residences. All second loans will be fixed at an interest rate of five percent (5%) and for a term of thirty (30) years. If the buyer retains the property for thirty (30) years, both principal and interest will be forgiven. The loans were transferred from the former Redevelopment Agency’s Housing Capital Projects Fund to the City’s Special Revenue Housing Fund on February 1, 2012 due to the dissolution of the former Redevelopment Agency. At June 30, 2017, \$118,913 is the amount of outstanding loan balances, and has been reported as notes receivable with an offset of allowance for uncollectible notes in the Special Revenue Housing Fund in the fund level financial statements and in the government-wide statements.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

3. RECEIVABLES, CONTINUED

- F. *Critical Maintenance:*** Beginning in 1997-98, the City offered low interest rate loans through the Critical Maintenance Loan Program to assist low and moderate income homeowners for essential or emergency repairs. At June 30, 2017, the loans outstanding totaled \$585,194. Of this amount, \$52,011 is funded by the former Redevelopment Agency’s Housing Capital Projects Fund and \$533,183 is funded by the Federal HOME Program Grants Fund. The outstanding loan balance of \$52,011 was transferred from the former Redevelopment Agency’s Housing Set Aside Fund to the City’s Special Revenue Housing Fund and has been reported as notes receivable with an offset of allowance for uncollectible notes in the fund level financial statements and in the government-wide statements. The outstanding loan balance of \$533,183 has been reported as notes receivable with an offset of allowance for uncollectible notes in the Special Revenue Grants Fund in the fund level financial statements and in the government-wide statements.
- G. *Abajo del Sol:*** In 1998, the Housing Authority and the Abajo del Sol, Limited Partnership had entered into a housing development agreement. Under the agreement, the Authority provided to the Developer a \$1.2 million loan bearing interest at the rate of 5.1 percent per annum for the construction of 60 units of affordable housing for senior citizens. On or before March 15th of each year, the Borrower shall pay lender an amount equal to the applicable percentage of the Net Cash Flow attributable to the prior calendar year. The loan is funded by the Federal HOME Program Grants Fund. At June 30, 2017, outstanding principal and interest being recorded as notes receivable are \$1,187,345 and \$1,001,485, respectively, in the Special Revenue Grants Fund with an offset of allowance for uncollectible notes in the fund level financial statement and in the government-wide statements.
- H. *LINC Community Development:*** In 2015, the Monterey Park Successor Housing Agency and City entered into a housing development agreement with LINC Community Development Corporation (“LINC”). Under the agreement, the Monterey Park Successor Housing Agency sold 5 properties to the developer in exchange for a \$2,080,000 loan bearing compound interest at the rate of 2.41 percent per annum for 5 units of affordable rental housings. At June 30, 2017, outstanding principal and interest being recorded as notes receivable are \$2,080,000 and \$117,560, respectively, in the Housing Fund with an offset of allowance for uncollectible notes in the fund level financial statement and in the government-wide statements. The properties were purchased with former Redevelopment Agency’s Housing Set Aside fund. As a result, the loan was reported in the City’s Special Revenue Housing Fund and with an offset of allowance for uncollectible notes in the fund level financial statements and in the government-wide statements. As part of the development agreement, the City also sold one of the City’s parking lots to the LINC for development of a 6-unit affordable rental housing. The City also used the Federal HOME Program Grants Fund to provide construction loan bearing simple interest at the rate of 3 percent per annum. As of June 30, 2017, \$880,737 has been funded and is reported as loans receivables in the Special Revenue Grants Fund with an offset of allowance for uncollectible notes in the fund level financial statement and in the government-wide statements.
- I. *Low/Mod Housing Deferred Loans:*** State law requires redevelopment agencies to set aside 20 percent of their tax increment revenues for low/mod housing. In 1997, the former Redevelopment Agency approved a plan to set aside future tax increment revenue in addition to the regular 20 percent set aside requirements. The former Redevelopment Agency was dissolved on February 1, 2012. This commitment became a liability to the Successor Agency due to the City’s Special Revenue Housing Fund. A summary of the repayment plan is presented below:

<u>For the Years Ending June 30,</u>	<u>Amount</u>
2024 - 2029	\$ 500,000
2030 - 2034	450,000
2035 - 2039	<u>236,222</u>
Total	<u><u>\$ 1,186,222</u></u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

4. INTERFUND TRANSACTIONS

There were no internal receivables and payables at June 30, 2017 between the governmental activities and business-type activities.

Individual interfund receivables and payables were as follows at June 30, 2017:

Due To/From Other Funds

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Special Revenues Grants Fund	\$ 1,483,571
General Fund	Nonmajor Governmental Funds	<u>165,054</u>
		<u>\$ 1,648,625</u>

The interfund balances resulted from reimbursable expenditures occurring while the revenues with which to reimburse those expenditures had not yet been received. All balances are expected to be reimbursed within the subsequent year.

Advances To/From Other Funds

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	<u>\$ 741,556</u>

The General Fund loaned \$240,556 to the Special Revenue Park Facilities Fund and \$501,000 to the Special Revenue Public Safety Impact Fee Fund during the year ended June 30, 2015. The loans bear 0% interest rate and are expected to be repaid within the next year.

Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Grants Special Revenue Fund	\$ 94,877
Grants Special Revenue Fund	General Fund	43,475
Retirement/Pension Liability Special Revenue Fund	General Fund	2,100,000
Nonmajor Governmental Funds	Grants Special Revenue Fund	8,334
General Liability Internal Service Fund	Separation Benefits Internal Service Fund	800,000
Workers' Compensation Internal Service Fund	General Fund	500,000
Workers' Compensation Internal Service Fund	Separation Benefits Internal Service Fund	<u>500,000</u>
		<u>\$ 4,046,686</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend. In 2016-17, Transfers from the Grants Special Revenue Fund to the General Fund consist: Ground Emergency Medical Transport ("GEMT") reimbursements, \$81,331 and Urban Area Initiative 2014 cost reimbursements, \$13,546. Transfers from the General Fund to the Special Revenue Grants Fund were for the General Fund share of Police Department POST training cost \$43,475. Transfers of \$2,100,000 from the General Fund to the Retirement/Pension Liability Special Revenue Fund were for pension contribution. Transfers of \$800,000 and \$500,000 from the Separation Benefits Internal Service Fund to the General Liability and Workers' Compensation Internal Service Fund, respectively, were to strengthen the net position. Transfers of \$500,000 from the General Fund to the Workers' Compensation Internal Service Fund were to supplement the claim payments.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

5. RECEIVABLES FROM SUCCESSOR AGENCY

In 2009, the State passed legislation in taking away redevelopment funds from local Agencies as part of an effort to address its budget deficit. Furthermore, SB 68 was signed into law which allowed agencies to use accumulated housing funds to pay for the State required Supplemental Educational Revenue Augmentation Funds (SERAF) payments. On August 4, 2010, the former Redevelopment Agency passed two resolutions, RA 661 and 662, authorizing the Takeaway Loan to be made from the former Redevelopment Agency Capital Projects Fund (Housing Set Aside Fund) to the former Redevelopment Agency Debt Service Fund (Atlantic-Garvey and Merged Project Areas), in an amount of \$1,459,258 and \$1,142,640, respectively, without interest.

On May 4, 2011, the former Redevelopment Agency passed two resolutions, RA 682 and 683, authorizing additional Takeaway Loans to be made from the Redevelopment Agency Capital Projects Fund (Housing Set Aside Fund) to the Redevelopment Agency Debt Service Fund (Atlantic-Garvey and Merged Project Areas), in an amount of \$300,436 and \$235,249, respectively. The interest is accumulated at LAIF rate.

On February 1, 2012, \$2,617,203 was transferred from the former Redevelopment Agency Debt Service Fund to the Successor Agency due to the dissolution of the former Redevelopment Agency.

The Receivable from Successor Agency balance at June 30, 2017 amounted to \$1,646,331. This loan will be paid back to the Special Revenue Housing Fund according to a specific formula through the Recognized Obligation Payment Schedule distribution per the State of California Department of Finance (DOF).

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

6. CAPITAL ASSETS

At June 30, 2017, the capital assets balances for the City are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Capital Assets, Not Being Depreciated:			
Land	\$ 8,465,051	\$ 499,975	\$ 8,965,026
Construction in progress	<u>2,317,009</u>	<u>3,451,118</u>	<u>5,768,127</u>
Total Capital Assets, Not Being Depreciated	<u>10,782,060</u>	<u>3,951,093</u>	<u>14,733,153</u>
Capital Assets, Being Depreciated:			
Buildings	30,391,662	285,050	30,676,712
Improvements	16,550,080	54,052,725	70,602,805
Equipment	23,317,634	3,195,056	26,512,690
Infrastructure	<u>30,593,451</u>	<u>10,217,503</u>	<u>40,810,954</u>
Total Capital Assets, Being Depreciated	<u>100,852,827</u>	<u>67,750,334</u>	<u>168,603,161</u>
Less Accumulated Depreciation:			
Buildings	(13,142,015)	(126,735)	(13,268,750)
Improvements	(4,820,471)	(21,944,101)	(26,764,572)
Equipment	(21,555,205)	(2,580,196)	(24,135,400)
Infrastructure	<u>(20,376,277)</u>	<u>(8,883,360)</u>	<u>(29,259,638)</u>
Total Accumulated Depreciation	<u>(59,893,968)</u>	<u>(33,534,392)</u>	<u>(93,428,360)</u>
Total Capital Assets, Being Depreciated, Net	<u>40,958,859</u>	<u>34,215,942</u>	<u>75,174,801</u>
Total Capital Assets, Net	<u>\$ 51,740,919</u>	<u>\$ 38,167,035</u>	<u>\$ 89,907,954</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

6. CAPITAL ASSETS, CONTINUED

Governmental Activities

A summary of changes in capital asset activity for the year ended June 30, 2017 is as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 8,465,051	\$ -	\$ -	\$ -	\$ 8,465,051
Construction in progress	<u>2,476,637</u>	<u>1,554,878</u>	<u>-</u>	<u>(1,714,506)</u>	<u>2,317,009</u>
Total Capital Assets, Not Being Depreciated	<u>10,941,688</u>	<u>1,554,878</u>	<u>-</u>	<u>(1,714,506)</u>	<u>10,782,060</u>
Capital Assets, Being Depreciated:					
Buildings	30,391,663	-	-	-	30,391,662
Improvements	14,626,865	208,710	-	1,714,506	16,550,080
Equipment	23,668,195	581,409	(931,970)	-	23,317,634
Infrastructures	<u>29,382,919</u>	<u>1,210,532</u>	<u>-</u>	<u>-</u>	<u>30,593,451</u>
Total Capital Assets, Being Depreciated	<u>98,069,642</u>	<u>2,000,651</u>	<u>(931,970)</u>	<u>1,714,506</u>	<u>100,852,829</u>
Less Accumulated Depreciation:					
Buildings	(12,526,843)	(615,172)	-	-	(13,142,015)
Improvements	(4,356,826)	(463,645)	-	-	(4,820,471)
Equipment	(21,412,309)	(1,074,866)	931,970	-	(21,555,205)
Infrastructures	<u>(19,760,785)</u>	<u>(615,492)</u>	<u>-</u>	<u>-</u>	<u>(20,376,277)</u>
Total Accumulated Depreciation	<u>(58,056,763)</u>	<u>(2,769,175)</u>	<u>931,970</u>	<u>-</u>	<u>(59,893,968)</u>
Total Capital Assets, Being Depreciated, Net	<u>40,012,879</u>	<u>(768,526)</u>	<u>-</u>	<u>1,714,506</u>	<u>40,958,859</u>
Total Capital Assets, Net	<u>\$ 50,954,567</u>	<u>\$ 786,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,740,919</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

6. CAPITAL ASSETS, CONTINUED

Business-Type Activities

A summary of changes in capital asset activity for the year ended June 30, 2017 is as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 499,975	\$ -	\$ -	\$ -	\$ 499,975
Construction in progress	<u>4,021,881</u>	<u>3,451,118</u>	<u>-</u>	<u>(4,021,881)</u>	<u>3,451,118</u>
Total Capital Assets, Not Being Depreciated	<u>4,521,856</u>	<u>3,451,118</u>	<u>-</u>	<u>(4,021,881)</u>	<u>3,951,093</u>
Capital Assets, Being Depreciated:					
Buildings	285,050	-	-	-	285,050
Improvements	49,384,568	646,276	-	4,021,881	54,052,725
Equipment	2,837,417	465,159	(107,522)	-	3,195,056
Infrastructures	<u>10,066,557</u>	<u>150,946</u>	<u>-</u>	<u>-</u>	<u>10,217,503</u>
Total Capital Assets, Being Depreciated	<u>62,573,592</u>	<u>1,262,381</u>	<u>(107,522)</u>	<u>4,021,881</u>	<u>67,750,334</u>
Less Accumulated Depreciation:					
Buildings	(121,149)	(5,589)	-	-	(126,735)
Improvements	(20,397,299)	(1,546,801)	-	-	(21,944,101)
Equipment	(2,517,022)	(170,695)	107,522	-	(2,580,196)
Infrastructures	<u>(8,800,718)</u>	<u>(82,642)</u>	<u>-</u>	<u>-</u>	<u>(8,883,360)</u>
Total Accumulated Depreciation	<u>(31,836,188)</u>	<u>(1,805,725)</u>	<u>107,522</u>	<u>-</u>	<u>(33,534,392)</u>
Total Capital Assets, Being Depreciated, Net	<u>30,737,404</u>	<u>(543,344)</u>	<u>-</u>	<u>4,021,881</u>	<u>34,215,942</u>
Total Capital Assets, Net	<u>\$ 35,259,260</u>	<u>\$ 2,907,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,167,035</u>

Depreciation expense of \$4,574,900 was charged to the following functions:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
General government	\$ 182,756	\$ -	\$ 182,756
Public safety	358,137	-	358,137
Public safety/shop	703,237	-	703,237
Community development	7,892	-	7,892
Culture and recreation	715,374	-	715,374
Street and highways	801,779	-	801,779
Health/refuse	-	172,742	172,742
Water	<u>-</u>	<u>1,632,983</u>	<u>1,632,983</u>
Total	<u>\$ 2,769,175</u>	<u>\$ 1,805,725</u>	<u>\$ 4,574,900</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

7. LONG-TERM DEBT

Changes in long-term debt for the City for the year June 30, 2017 are as follows:

<u>Governmental Activities</u>	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Bonds Payable:						
2004 Taxable Pension						
Obligation Bonds	\$ 13,970,000	\$ -	\$ (450,000)	\$ 13,520,000	\$ 445,000	\$ 13,075,000
Total Bonds Payable	<u>13,970,000</u>	<u>-</u>	<u>(450,000)</u>	<u>13,520,000</u>	<u>445,000</u>	<u>13,075,000</u>
Loans and Notes Payable:						
HUD Section 108						
Loans Payable	3,182,000	-	(378,000)	2,804,000	401,000	2,403,000
Library Special Tax						
Revenue Notes Series 2005	731,235	-	(358,719)	372,516	372,516	
Total Loans and Notes Payable	<u>3,913,235</u>	<u>-</u>	<u>(736,719)</u>	<u>3,176,516</u>	<u>773,516</u>	<u>2,403,000</u>
Compensated Absences	4,462,179	843,171	(830,218)	4,475,133	447,513	4,027,620
Capital Lease Obligations	2,306,745	-	(183,437)	2,123,308	197,741	1,925,567
Net Pension Liabilities	68,432,593	25,522,235	(11,944,249)	82,010,579	-	82,010,579
Net OPEB Obligation	11,832,512	145,868	-	11,978,380	-	11,978,380
Insurance Assessments Payable	-	1,635,143	-	1,635,143	163,514	1,471,629
Claims and Judgments	9,364,303	2,851,077	(1,951,303)	10,264,077	1,951,303	8,312,774
Total Governmental Activities	<u>\$ 114,281,568</u>	<u>\$ 30,997,494</u>	<u>\$ (16,095,926)</u>	<u>\$ 129,183,136</u>	<u>\$ 3,978,587</u>	<u>\$ 125,204,549</u>
Business-Type Activities						
Compensated Absences	\$ 745,705	\$ 153,391	\$ (140,697)	\$ 758,399	\$ 75,840	\$ 682,559
Capital Lease Obligations	12,126,677	-	(1,560,030)	10,566,647	757,704	9,808,943
Net Pension Liabilities	7,286,720	1,949,320	(691,127)	8,544,913	-	8,544,913
Net OPEB Obligation	948,764	29,411	-	978,175	-	978,175
Total Business-Type Activities	<u>\$ 21,107,866</u>	<u>\$ 2,132,122</u>	<u>\$ (2,391,854)</u>	<u>\$ 20,848,134</u>	<u>\$ 833,544</u>	<u>\$ 20,014,590</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. At June 30, 2017, \$62,426 in compensated absences, \$10,264,077 in claims and judgments, and \$1,635,143 in insurance assessments payable, all related to internal service funds, are included as part of the totals of long-term debt for governmental activities.

Typically, the General Fund has been used to liquidate the liability for compensated absences, net pension obligation and net other postemployment benefits obligation for the governmental activities. The General Liability and Workers' Compensation Internal Service Funds have been used to liquidate the liabilities for claims and judgements. The General Liability Internal Service Fund is used to liquidate the liabilities for the insurance assessments.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

7. LONG-TERM DEBT, CONTINUED

2004 Taxable Pension Obligation Bonds

On June 29, 2004, the City pursuant to an Agreement with the California Statewide Communities Development Authority, issued \$17,405,000 in Taxable Pension Obligation Bonds, 2004 Series A-1. These Bonds were issued to fund the unfunded liabilities of the City's Safety Plan to the California Public Employees' Retirement System (CALPERS). The City is contractually obligated to appropriate and make payments to CALPERS arising as a result of retirement benefits accruing to members of CALPERS. The City's obligation includes, among others, the requirement to amortize the unfunded accrued actuarial liability over a multi-year period. On June 29, 2004, the City contributed \$17,012,841 of the bond proceeds to CALPERS to fund a portion of the unfunded liability for the Safety Plan that provides retirement benefits to the City's sworn Police Officers and Firefighters.

Bond interest is payable semi-annually on June 1 and December 1 commencing December 1, 2004. The rate of interest varies from 4.510% to 6.076% per annum. Principal is payable in annual installments ranging from \$25,000 to \$1,350,000 commencing on June 1, 2009 and ending on June 1, 2034. On or before August 1st of each year, the City is required to deposit with the trustee the amount equal to the next year's debt service payment in lieu of a reserve requirement.

Optional Redemption: The bonds maturing on or before June 1, 2016 were not subject to optional redemption. The bonds maturing on June 1, 2024 and on June 1, 2034 are subject to optional redemption prior to maturity at the option of the Authority, in whole or in part on any date at a redemption price equal to the greater of (1) 100% of principal to be redeemed or (2) present value of the remaining debt service discounted at Treasury Rate plus 10.0 basis points for the 2024 Term Bonds or plus 12.5 basis points for the 2034 Term Bonds. Bonds will be selected for redemption on a pro rata basis for both the optional and mandatory sinking fund redemption.

The outstanding balance of the 2004 Taxable Pension Obligation Bonds was \$13,520,000 at June 30, 2017.

The annual debt service requirements on the 2004 Taxable Pension Obligation Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 445,000	\$ 816,057	\$ 1,261,057
2019	440,000	789,820	1,229,820
2020	435,000	763,878	1,198,878
2021	430,000	738,230	1,168,230
2022	425,000	712,877	1,137,877
2023 - 2027	3,370,000	3,118,392	6,488,393
2028 - 2032	5,350,000	1,810,648	7,160,648
2033 - 2034	<u>2,625,000</u>	<u>241,521</u>	<u>2,866,521</u>
Total	<u>\$ 13,520,000</u>	<u>\$ 8,991,423</u>	<u>\$ 22,511,423</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

7. LONG-TERM DEBT, CONTINUED

HUD Section 108 Loan Program

In August 2002, the City participated in the U.S. Department of Housing and Urban Development Section 108 Loan Guarantee Program and received note proceeds of \$6,500,000. The City uses the proceeds for the development of the Market Place project. The annual debt service payments are funded through the City's Community Development Block Grant funds. On May 28, 2015, the City participated in the Department of Housing and Urban Development ("HUD") refinancing program and refinanced the Section 108 Loan for a fixed rate note (Series 2015 A Certificates). Interest payments are made semiannually on August 1 and February 1. Principal payments are made on August 1 of each year and continue until August 2022. The aggregate difference in debt service as result of the refinancing was in the amount of \$630,458. The economic gain on the refinancing was \$558,682.

The outstanding balance of the HUD Section 108 Loan was \$2,804,000 at June 30, 2017.

The annual debt service requirements on the HUD Section 108 Loan are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 401,000	\$ 50,637	\$ 451,637
2019	426,000	45,939	471,939
2020	451,000	38,867	489,867
2021	479,000	29,886	508,886
2022	508,000	19,174	527,174
2023	<u>539,000</u>	<u>6,603</u>	<u>545,603</u>
Total	\$ <u>2,804,000</u>	\$ <u>191,106</u>	\$ <u>2,995,106</u>

Library Special Tax Revenue Note Series 2005

In June 2005, the City entered into a Library Facility Financing Agreement with Baruch and Company and received proceeds of \$3,900,000 to be used for the expansion of the Monterey Park Bruggemeyer Library. The note was issued for capital purpose. The note was then assigned to Sun Trust Leasing Corporation. The annual debt service payments are funded through the City's Special Library Tax. The interest rate is a fixed 3.81%. Principal and interest payments of \$191,597 are made semiannually on December 15 and June 15 beginning December 15, 2005 and continuing until the year 2018.

The note is secured by City's Special Library Tax. Annual Principal and interest payments on the note are expected to require less than 80% of net revenues. The amount of principal and interest outstanding at June 30, 2017 totaled \$383,194. Principal and interest paid for the current year is \$383,195 and the net library tax revenue was \$503,956.

The annual debt service requirements on the Library Special Tax Revenue Note Series 2005 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ <u>372,517</u>	\$ <u>10,677</u>	\$ <u>383,194</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

7. LONG-TERM DEBT, CONTINUED

Changes in long-term debt for the Successor Agency for the year ended June 30, 2017 are as follows:

<u>Successor Agency</u>	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Bonds Payable:						
2013A Tax Refunding Bonds - Atlantic-Garvey Project Redevelopment Project	\$ 11,970,000	\$ -	\$ (875,000)	\$ 11,095,000	\$ 915,000	\$ 10,180,000
2013B Tax Refunding Bonds - Merged Redevelopment Project	<u>6,295,000</u>	<u>-</u>	<u>(360,000)</u>	<u>5,935,000</u>	<u>380,000</u>	<u>5,555,000</u>
Subtotal	18,265,000	-	(1,235,000)	17,030,000	1,295,000	15,735,000
Add deferred amounts:						
Bond premium	<u>1,001,276</u>	<u>-</u>	<u>(93,417)</u>	<u>907,859</u>	<u>-</u>	<u>907,859</u>
Total Bonds Payable	<u>19,266,276</u>	<u>-</u>	<u>(1,328,417)</u>	<u>17,937,859</u>	<u>1,295,000</u>	<u>16,642,859</u>
Loans and Notes Payable:						
Tax Increment Deferred Loan - Atlantic/Garvey Project	9,851,908	689,634	-	10,541,542	-	10,541,542
Tax Increment Deferred Loans - Merged Project	46,391,628	3,112,743	-	49,504,371	-	49,504,371
Low/Mod Housing Deferred Loans	<u>1,186,222</u>	<u>-</u>	<u>-</u>	<u>1,186,222</u>	<u>-</u>	<u>1,186,222</u>
Total Loans and Notes Payable	<u>57,429,758</u>	<u>3,802,377</u>	<u>-</u>	<u>61,232,135</u>	<u>-</u>	<u>61,232,135</u>
Advances from the City of Monterey Park:	<u>1,783,673</u>	<u>-</u>	<u>(137,342)</u>	<u>1,646,331</u>	<u>-</u>	<u>1,646,331</u>
Total Successor Agency	<u>\$ 78,479,707</u>	<u>\$ 3,802,377</u>	<u>\$ (1,465,759)</u>	<u>\$ 80,806,325</u>	<u>\$ 1,295,000</u>	<u>\$ 79,521,325</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

7. LONG-TERM DEBT, CONTINUED

Tax Allocation Bonds

Tax Allocation Refunding Bond, Series 2013A (Atlantic-Garvey Redevelopment Project No. 1)

On December 1, 2013, the County of Los Angeles Redevelopment Refunding Authority assisted the Successor Agency to issue the \$13,835,000 Tax Allocation Refunding Bond, Series 2013A, for the Atlantic-Garvey Redevelopment Project No. 1. These Bonds were issued to redeem the outstanding 2002 Tax Allocation Revenue Bonds. The Bonds are secured by a pledge of the tax revenues from the Project area and were issued in denominations of \$1, with interest rates ranging from 3.0% to 5.0%. Interest payments are payable semiannually on September 1 and March 1. Principal payments are made on September 1 of each year and continue until the year 2026.

Optional Redemption: The Bonds maturing on or before September 1, 2024, are not subject to optional redemption prior to maturity. The Bonds maturing on and after September 1, 2024, are subject to optional redemption on any date on and after September 1, 2023, in integral multiples of \$5,000, from any available source of funds, at the times, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds are secured by a first and prior lien on tax increment revenues, excluding any portion of revenues that are required to be deposited to the Rebate Fund. Annual principal and interest payments on the Bonds are expected to require less than 90% of net revenues. The amount of principal and interest outstanding at June 30, 2017 totaled \$13,780,220. Interest paid for the current year is \$547,506, and the net tax increment revenue is collected and withheld by the County of Los Angeles due to the dissolution of the former Redevelopment Agency.

The annual debt service requirements on the Tax Allocation Refunding Bond, Series 2013A (Atlantic-Garvey Redevelopment Project No. 1) are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 915,000	\$ 502,756	\$ 1,417,756
2019	965,000	455,756	1,420,756
2020	1,010,000	406,381	1,416,381
2021	1,065,000	354,506	1,419,506
2022	1,115,000	300,006	1,415,006
2023 - 2027	<u>6,025,000</u>	<u>665,815</u>	<u>6,690,815</u>
Total	<u>\$ 11,095,000</u>	<u>\$ 2,685,220</u>	<u>\$ 13,780,220</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

7. LONG-TERM DEBT, CONTINUED

Tax Allocation Bonds, Continued

Tax Allocation Refunding Bond, Series 2013B (Merged Redevelopment Project Area)

On December 1, 2013, the County of Los Angeles Redevelopment Refunding Authority assisted the Successor Agency to issue this \$7,080,000 Tax Allocation Refunding Bond, Series 2013B, for the Merged Redevelopment Project No. 1. These Bonds were issued to redeem the outstanding 1998 Tax Allocation Revenue Bonds. The Bonds are secured by a pledge of the tax revenues from the Project area and were issued in denominations of \$1, with interest rates ranging from 3.0% to 5.0%. Interest payments are payable semiannually on September 1 and March 1. Principal payments are made on September 1 of each year and continue until the year 2028.

Optional Redemption: The Bonds maturing on or before September 1, 2024, are not subject to optional redemption prior to maturity. The Bonds maturing on and after September 1, 2024, are subject to optional redemption on any date on and after September 1, 2023, in integral multiples of \$5,000, from any available source of funds, at the times, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds are secured by a first and prior lien on tax increment revenues, excluding any portion of revenues that are required to be deposited to the Rebate Fund. Annual principal and interest payments on the bonds are expected to require less than 90% of net revenues. The amount of principal and interest outstanding at June 30, 2017 totaled \$7,762,333. Interest paid for the current year is \$292,831 and the net tax increment revenue is collected and withheld by the County of Los Angeles due to the dissolution of the former Redevelopment Agency.

The annual debt services requirement on the Tax Allocation Refunding Bond, Series 2013B (Merged Redevelopment Project Area) are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 380,000	\$ 274,331	\$ 654,331
2019	400,000	254,831	654,831
2020	420,000	234,331	654,331
2021	435,000	212,956	647,956
2022	460,000	190,581	650,581
2023 - 2027	2,625,000	598,928	3,223,928
2028 - 2029	<u>1,215,000</u>	<u>61,375</u>	<u>1,276,375</u>
Total	\$ 5,935,000	\$ 1,827,333	\$ 7,762,333

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

7. LONG-TERM DEBT, CONTINUED

Tax Increment Deferred Loan - (Atlantic/Garvey Project)

On August 20, 1987, the former Redevelopment Agency entered into an agreement for reimbursement of tax increment funds with the County of Los Angeles (the "County"). In the Agreement, the County agreed to loan its portion of the tax increment revenues received from the amended area (88 Annex) to the former Redevelopment Agency at a 7% compound interest rate, beginning fiscal year 1989-90. The percentage distribution from the basic tax levy for the 88 Annex areas for the County and the former Redevelopment Agency is 43.7% and 56.3% respectively. The former Redevelopment Agency will commence repayment of this loan annually beginning with the fiscal year in which the former Redevelopment Agency's share of tax increment revenues (excluding Housing Fund contributions) from the 88 Annex areas exceeds \$800,000.

The outstanding balance of the Tax Increment Deferred Loan - (Atlantic/Garvey Project) was \$10,541,542 at June 30, 2017.

Tax Increment Deferred Loan - (Merged Project)

The former Redevelopment Agency and the County Taxing Entities (the County of Los Angeles, the Los Angeles County Flood Control District, and the Los Angeles County Office of Education) entered into four agreements for reimbursement of the tax increment deferred amounts. In the Agreements, the County Taxing Entities agreed to loan their portions of the tax increment revenues received from the Southeast Project area, Freeway `99 Annex area, Central Commercial Project area, and Merged Monterey Pass Road area to the former Redevelopment Agency at specified interest rates ranging from 0% to 7%. The percentage distribution from the basic tax levy and the repayment schedule of the deferred loans are also based on a specified formula for each taxing entity.

The outstanding balance of the Tax Increment Deferred Loan - (Merged Project) was \$49,504,371 at June 30, 2017.

Low/Mod Housing Deferred Loans

State law required former redevelopment agencies to set aside 20 percent of their tax increment revenues for low/mod housing. In 1997, the former Redevelopment Agency approved a plan to set aside future tax increment revenue in addition to the regular 20 percent set aside requirements. On February 1, 2012, the commitment was transferred to the Successor Agency due to the dissolution of the former Redevelopment Agency and was approved by the DOF as a payable to the City's Special Revenue Housing Fund.

A summary of the repayment plan is presented below:

<u>For the Years Ending June 30,</u>	<u>Amount</u>
2024 - 2029	\$ 500,000
2030 - 2034	450,000
2035 - 2039	<u>236,222</u>
Total	<u><u>\$ 1,186,222</u></u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

8. CAPITALIZED LEASE OBLIGATIONS

The City has entered into lease agreements with Municipal Leasing Associates, San Gabriel Valley Municipal Water District and California Infrastructure and Economic Development Bank, to finance water system energy retrofit programs, water volatile organic chemicals treatment and La Loma and Highland Reservoirs project, Police Computer Aided Dispatch and Records Management System (CAD/RMS), and has recorded the transactions in the Governmental Funds and Water Utility Fund. These leases are classified as capital leases for accounting purposes and therefore have been recorded at the present value of the future minimum lease payments at the date of inception of the leases.

On September 23, 2014, the City (Lessee) and the Siemens Public, Inc. (Lessor) signed into a Lease-Purchase Agreement for an amount of \$10,511,901. The City will use the monies for energy efficiency improvements throughout city parks, facilities and infrastructure. The term of the agreement is 15 years, commencing on September 23, 2014 through June 23, 2030, at an interest rate of 2.80%. The transactions are shared by the General Fund and the Water Utility Fund.

The assets acquired through capital leases are included in the City's capital assets (Note 6) and are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Machinery and Equipment	\$ 4,230,957	\$ -	\$ 4,230,957
Improvements	-	<u>22,566,772</u>	<u>22,566,772</u>
Subtotal	4,230,957	22,566,772	26,797,729
Less: Accumulated Depreciation	<u>(1,846,708)</u>	<u>(4,564,186)</u>	<u>(6,410,894)</u>
Total	<u>\$ 2,382,246</u>	<u>\$ 18,002,586</u>	<u>\$ 20,384,835</u>

Future minimum lease payments under these capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Fiscal Year:			
2018	\$ 265,033	\$ 1,042,232	\$ 1,307,265
2019	272,408	913,975	1,186,383
2020	280,426	959,359	1,239,785
2021	286,552	794,013	1,080,565
2022	127,264	831,237	958,501
2023 - 2027	747,144	4,783,193	5,530,337
2028 - 2031	<u>543,011</u>	<u>3,515,229</u>	<u>4,058,240</u>
Subtotal	2,521,838	12,839,238	15,361,076
Less: Amount representing Interest	<u>(398,530)</u>	<u>(2,272,591)</u>	<u>(2,671,121)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 2,123,308</u>	<u>\$ 10,566,647</u>	<u>\$ 12,689,951</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

9. DUE TO OTHER GOVERNMENTAL AGENCIES

In the Special Revenue Grants Fund, an amount equal to the total outstanding balance of the identified loans receivable for the CDBG Residential Rehabilitation Program in the amount of \$48,015, State Earthquake Rehabilitation Assistance (SERA) Program in the amount of \$4,322, the Pacific Housing Corporation loan in the amount of \$235,690, and the Pacific Bridge Loan in the amount of \$398,548, described in Note 3 at June 30, 2017 have been recorded as Due to Other Governmental Agencies. As these notes are repaid, the repayment proceeds must be returned to the applicable government agency.

Due to Other Governmental Agencies:	<u>Amount</u>
CDBG Residential Rehabilitation Program	\$ 48,015
SERA Program	4,322
Pacific Housing Corporation Loan	235,690
Pacific Bridge Loan	<u>398,548</u>
Total	<u><u>\$ 674,286</u></u>

10. PENSION PLANS

A. *Defined Benefit Pension Plans*

a. *California Public Employees' Retirement System Plan*

General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans 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 OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

A. *Defined Benefit Pension Plans, Continued*

a. *California Public Employees' Retirement System Plan, Continued*

General Information about the Pension Plan, Continued

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member or PEPRA Safety member becomes eligible for Service Retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2% to 2.7% of the average final 12 months compensation. Retirement benefits for PEPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation. Retirement benefits for classic safety employees are calculated as 3% of the average final 12 months compensation. Retirement benefits for PEPRA safety employees are calculated as 2.7% of the average final 36 months compensation.

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service.

Industrial disability benefits are not offered to miscellaneous employees. The City provides industrial disability retirement benefit to safety employees. The industrial disability retirement benefit is a monthly allowance equal to 50 percent of final compensation.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$5,000 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

A. Defined Benefit Pension Plans, Continued

a. California Public Employees' Retirement System Plan, Continued

General Information about the Pension Plan, Continued

Employees Covered by Benefit Terms

At June 30, 2015, the valuation date, the following employees were covered by the benefit terms

	Plans	
	Miscellaneous	Safety
Active employees	192	117
Transferred and terminated employees	323	109
Retired employees and beneficiaries	283	238
Total	798	464

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The 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.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

A. Defined Benefit Pension Plans, Continued

a. California Public Employees' Retirement System Plan, Continued

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability determined in the June 30, 2015 actuarial accounting valuation. The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by entry age and service.
Mortality Rate Table	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 April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.
Post Retirement Benefit Increase	Contract COLA 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, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

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

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

A. *Defined Benefit Pension Plans, Continued*

a. *California Public Employees' Retirement System Plan, Continued*

Net Pension Liability, Continued

Discount Rate

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

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

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

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

A. Defined Benefit Pension Plans, Continued

a. California Public Employees' Retirement System Plan, Continued

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 the CalPERS Board effective on July 1, 2015.

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

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

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

Subsequent Events

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

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

A. Defined Benefit Pension Plans, Continued

a. California Public Employees' Retirement System Plan, Continued

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	<u>Miscellaneous Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total</u>	<u>Plan</u>	<u>Net Pension</u>
	<u>Pension</u>	<u>Fiduciary</u>	<u>Liability</u>
	<u>Liability</u>	<u>Net Position</u>	<u>(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(c) = (a) - (b)</u>
Balance at June 30, 2015 (Measurement Date)	\$ 115,455,787	\$ 83,774,411	\$ 31,681,376
Changes Recognized for the Measurement Period:			
Service cost	2,069,087	-	2,069,087
Interest on the total pension liability	8,653,522	-	8,653,522
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(944,621)	-	(944,621)
Changes in assumptions	-	-	-
Plan to Plan resource movement	-	-	-
Contributions from the employer	-	3,019,357	(3,019,357)
Contributions from employees	-	917,401	(917,401)
Net investment income	-	436,342	(436,342)
Benefit payments, including refunds of employee contributions	(4,855,567)	(4,855,567)	-
Administrative expenses	-	(51,056)	51,056
Net Changes during July 1, 2015 to June 30, 2016	4,922,421	(533,523)	5,455,944
Balance at June 30, 2016 (Measurement Date)	\$ 120,378,208	\$ 83,240,888	\$ 37,137,320

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

A. Defined Benefit Pension Plans, Continued

a. California Public Employees' Retirement System Plan, Continued

Changes in the Net Pension Liability, Continued

	Safety Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2015 (Measurement Date)	\$ 179,101,312	\$ 138,692,391	\$ 40,408,921
Changes Recognized for the Measurement Period:			
Service cost	2,947,888	-	2,947,888
Interest on the total pension liability	13,417,480	-	13,417,480
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(950,812)	-	(950,812)
Changes in assumptions	-	-	-
Plan to Plan resource movement	-	-	-
Contributions from the employer	-	3,647,109	(3,647,109)
Contributions from employees	-	1,075,386	(1,075,386)
Net investment income	-	694,336	(694,336)
Benefit payments, including refunds of employee contributions	(8,465,095)	(8,465,095)	-
Administrative expenses	-	(84,526)	84,526
Net Changes during July 1, 2015 to June 30, 2016)	6,949,461	(3,132,790)	10,082,251
Balance at June 30, 2016 (Measurement Date)	\$ 186,050,773	\$ 135,559,601	\$ 50,491,172

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 53,027,517	\$ 75,585,977
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 37,137,320	\$ 50,491,172
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 23,967,025	\$ 29,852,948

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

A. Defined Benefit Pension Plans, Continued

a. California Public Employees' Retirement System Plan, Continued

Changes in the Net Pension Liability, Continued)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ended June 30, 2016, the City incurred a pension expense/(income) of \$1,758,347 and \$3,903,869 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2016, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 3,395,350	\$ -
Difference between expected and actual experience	-	(494,801)
Changes of assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	4,551,870	-
Total	\$ 7,947,220	\$ (494,801)
Safety Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 4,079,592	\$ -
Difference between expected and actual experience	-	(1,256,825)
Changes of assumptions	-	(1,074,854)
Net differences between projected and actual earnings on pension plan investments	7,478,970	-
Total	\$ 11,558,562	\$ (2,331,679)

The amounts above are net of outflows and inflows recognized in the 2015-16 measurement period expense.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

A. Defined Benefit Pension Plans, Continued

a. California Public Employees' Retirement System Plan, Continued

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, Continued

The expected average remaining service lifetime ("EARS�") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARS� for the miscellaneous plan and safety plan for the 2015-16 measurement period is 2.1 and 2.8 years, respectively, which was obtained by dividing the total service years of 1,693 and 1,304 (the sum of remaining service lifetimes of the active employees), respectively, by 798 and 464 (the total number of participants: active, inactive, and retired), respectively.

For the miscellaneous plan and safety plan, \$3,395,350 and \$4,079,592, respectively, reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Year Ending June 30,	Amounts	
	Miscellaneous Plan	Safety Plan
2017	\$ 201,683	\$ (1,018,118)
2018	606,522	770,239
2019	2,065,170	3,443,533
2020	1,183,694	1,951,637
2021	-	-
Thereafter	-	-

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

A. *Defined Benefit Pension Plans, Continued*

b. *Massachusetts Mutual Retirement Plan - Defined Benefit Plan*

General Information about the Pension Plan

Plan Description

Certain miscellaneous employees are covered by a retirement plan through the Massachusetts Mutual Life Insurance Company (MMRP), a single-employer pension plan. All miscellaneous employees who were employed prior to April 1, 1976 participated in the MMRP. Miscellaneous employees under the age of 55 joined CalPERS on and after April 1, 1976. However, these employees still remain vested under the MMRP and are eligible to receive retirement benefits at the time of retirement. Miscellaneous employees over the age of 55 (on or before April 1, 1976) could not participate in CalPERS and remain wholly in the MMRP.

The City does not issue a publicly available financial report for the MMRP.

Benefits Provided

The MMRP was amended in 1976 to provide equivalent retirement benefits to all miscellaneous employees, whether totally vested in CalPERS, totally vested in the MMRP or partially vested in both plans. Eligibility requirements for the MMRP are the same as those for CalPERS.

Employee Covered by Benefit Terms

MMRP is a closed plan. There are 57 individuals in the plan, all of whom are no longer employed by the City or are currently participating in PERS. The City's payroll for employees covered by the MMRP for the year ended June 30, 2017 was zero.

Contributions

MMRP is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. Employer contributions were based upon the actuarial methods and assumptions and there were no current year employee contributions required. The City is required to contribute \$961,000 for the year ended June 30, 2017, which was determined as part of the June 30, 2015 actuarial valuation.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability to June 30, 2017 based on actual benefit payments.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

A. Defined Benefit Pension Plans, Continued

b. Massachusetts Mutual Retirement Plan - Defined Benefit Plan

Net Pension Liability, Continued

Actuarial Methods and Assumptions Used to Determine Total Pension Liability, Continued

The total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Valuation Date	June 30, 2015
Actuarial Assumptions:	
Discount Rate	4.75%
Expected Long-term Rate of Return on Investment	4.75%
Inflation	3.00%
Mortality Rate	CalPERS 1997-2011 experience study
Mortality Improvement Scale	Fully generational projection with Scale AA
Cost of Living Adjustment/PPPA	2% ; PPPA valued for each annuitant

Discount Rate

Plan assets currently invested in Mass Mutual general investment account. Expected long term return on assets was 4.75% for June 30, 2015 valuation and rounded to nearest 0.25%. Noninvestment expenses of \$25,000 were added to actuarially determined contribution amount. Cross-over analysis showed benefit payments always fully funded by plan assets based on 4.75% discount rate.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

A. Defined Benefit Pension Plans, Continued

b. Massachusetts Mutual Retirement Plan - Defined Benefit Plan, Continued

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2016	\$ 6,375,000	\$ 2,747,000	\$ 3,628,000
Changes Recognized for the Measurement Period:			
Service cost	-	-	-
Interest on the total pension liability	287,000	-	287,000
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions from the employer	-	950,000	(950,000)
Contributions from employees	-	-	-
Net investment income	-	53,000	(53,000)
Benefit payments, including refunds	(666,000)	(666,000)	-
Administrative Expense	-	(15,000)	15,000
Net Changes	<u>(379,000)</u>	<u>322,000</u>	<u>(701,000)</u>
Balance at June 30, 2017 (Measurement Date)	<u>\$ 5,996,000</u>	<u>\$ 3,069,000</u>	<u>\$ 2,927,000</u>

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 4.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.75%) or 1 percentage-point higher (5.75%) than the current rate:

1% Decrease	3.75%
Net Pension Liability	\$ 3,387,000
Current Discount Rate	4.75%
Net Pension Liability	\$ 2,927,000
1% Increase	5.75%
Net Pension Liability	\$ 2,529,000

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

A. Defined Benefit Pension Plans, Continued

b. Massachusetts Mutual Retirement Plan - Defined Benefit Plan, Continued

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2017, the City incurred a pension expense/(income) of \$204,000 for MMRP. As of measurement date of June 30, 2017, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	189,000	-
Total	\$ 189,000	\$ -

The amounts above are net of outflows and inflows recognized in the 2015-16 measurement period expense.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ending June 30,	Amount
2017	\$ 60,000
2018	60,000
2019	48,000
2020	21,000
2021	-
Thereafter	-

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

10. PENSION PLANS, CONTINUED

B. *Defined Contribution Pension Plan*

Monterey Park Part-Time Retirement Plan

During the 1991-1992 fiscal year, the City established the Monterey Park Part-Time Retirement Plan, a defined contribution retirement plan, for all nonbenefited, part-time employees in accordance with Internal Revenue Code Section 457, to conform to Section 3121(b)(7)(F) of the Internal Revenue Code added by the Omnibus Budget Reconciliation Act of 1990. The plan is administered by National Deferred Compensation Inc. The plan was established by the authority of the City Council who retains the authority to amend the plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of the contributions.

Part-time, nonbenefited, nonpersable employees of the City must participate in the plan. During the year ended June 30, 2017, 133 part-time employees participated in the plan. All contributions to the plan vest immediately. An employee who leaves the City is entitled to all contributions, including contributions made by the City, and earnings applied to the individual's account through the date of separation, less legally required income tax withholding. Participants that become full-time employees and enter the CalPERS retirement plan will have the amount in their individual accounts transferred from this plan into a Section 457, Deferred Compensation Plan, subject to all the rules governing Section 457 plans, including substantial penalties for withdrawal prior to the age of normal retirement. Contribution levels into the deferred compensation plan were established by City Council resolution at 4% and 3.5% for the City and nonbenefited, nonpersable part-time employees, respectively.

During the year, total required and actual contributions amounted to \$98,963 and covered payroll for the year ended June 30, 2017 totaled \$1,319,123. The City contributed \$52,736 (4% of current covered payroll) and employees contributed \$46,169 (3.5% of current covered payroll). Total plan assets at June 30, 2017 were \$861,331. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and, therefore, are not included in the financial statements.

11. OTHER POST EMPLOYMENT BENEFITS

The City provides retiree healthcare benefits for employees who retire with CalPERS pension benefits immediately upon termination of employment from the City. The City's plan is a single-employer plan. Eligible retirees and dependents may elect lifetime coverage through the City's healthcare plans. The City makes contributions towards the retiree's premium up to specified caps that vary depending on bargaining unit and whether the participant has more or less than 20 years of service. Retirees pay the portion of premium not paid by the City.

In addition to the direct City paid contribution, retirees also receive pre-65 benefits that are subsidized as they are eligible to receive coverage based on blended (active and retiree) premium rates instead of normally higher retiree rates.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

11. OTHER POST EMPLOYMENT BENEFITS, CONTINUED

The City elected to use the entry age normal cost method with unfunded liabilities amortized over 30 years, and continues to fund on a pay-as-you-go basis.

Funding Policy

The contribution requirements are established and amended by the City. The contribution is based on pay-as-you-go financing requirements. For the year ended June 30, 2017, the City contributed \$1,050,000 to the irrevocable trust, implied subsidy of \$390,000 and \$1,262,721 as the pay-as-you-go portion. The breakdown is as follows:

Police	\$ 1,000,008
Fire	459,462
Miscellaneous	<u>1,243,251</u>
Total	<u><u>\$ 2,702,721</u></u>

Annual OPEB Cost and Net OPEB Obligation

The City's annual Other Postemployment Benefit (OPEB) cost is calculated base on the *Annual Required Contribution of the Employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB Obligation to the Plan.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Annual Required Contributions	\$ 2,524,348	\$ 223,652	\$ 2,748,000
Interest on Beginning Net OPEB Obligation	857,011	69,989	927,000
Adjustment to the Annual Required Contribution	<u>(736,826)</u>	<u>(60,174)</u>	<u>(797,000)</u>
Annual OPEB Cost	2,644,533	233,467	2,878,000
Contributions Made to Irrevocable Trust	(970,725)	(79,275)	(1,050,000)
Implied Subsidy	(360,555)	(29,445)	(390,000)
Contributions Made Outside of a Trust	<u>(1,167,385)</u>	<u>(95,336)</u>	<u>(1,262,721)</u>
Change in Net OPEB Obligation	145,868	29,411	175,279
Net OPEB Obligation, Beginning of Year	<u>11,832,512</u>	<u>948,764</u>	<u>12,781,276</u>
Net OPEB Obligation, End of Year	<u><u>\$ 11,978,380</u></u>	<u><u>\$ 978,175</u></u>	<u><u>\$ 12,956,555</u></u>

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

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/2014	\$ 2,591,000	108.03%	\$ 12,062,000
06/30/2015	2,630,000	88.58%	12,362,290
06/30/2016	2,800,000	85.04%	12,781,276
06/30/2017	2,878,000	93.91%	12,956,555

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

11. OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Funded Status and Funding Progress

As of June 30, 2017, the most recent valuation date, the Actuarial Accrued Liability for benefits was \$35,291,000, and the actuarial value of assets was \$5,342,000, resulting in an UAAL of \$29,949,000. The covered payroll (annual payroll of active employees covered by the plan) was \$22,241,000 and the ratio of UAAL to the covered payroll was 135 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the Actuarial Accrued Liabilities for benefits.

Actuarial Methods and Assumptions

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

For the June 30, 2017 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 6.50% discount rate, 2.75% inflation rate, and an annual healthcare cost trend rate of 7.5% initially and reduced by decrements of 0.5% to an ultimate rate of 5.0% thereafter. The UAAL is being amortized as level percentage of future payroll on a 26 year fixed amortization period from June 30, 2015.

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are handled as described below.

The City is partially self-insured for Workers' Compensation, General Liability and Automobile Liability. The City is fully self-insured for unemployment insurance claims (reimbursable account with Employment Development Department). The Workers' Compensation Internal Service Fund and the General Liability Internal Service Fund were established to account for the collection of premiums from various City departments related to the City's insurance and self-insurance programs.

The City retains the risk for the first \$500,000 of each Workers' Compensation claim and is a member of the Independent Cities Risk Management Authority for coverage up to \$5,000,000 per occurrence. Excess workers' compensation insurance has also been purchased up to statutory limits. The City retains the risk for the first \$300,000 of each General Liability and Auto Liability claim and is a member of the Independent Cities Risk Management Authority for coverage up to \$20 million per occurrence. The City also purchases commercial insurance for other risks of loss, including property loss, emergency vehicle physical damage and special events.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

12. RISK MANAGEMENT, CONTINUED

The Independent Cities Risk Management Authority (ICRMA) is comprised of 21 Southern California cities, and each member city has a representative on the governing board. The comprehensive general liability insurance includes monetary damages for personal liability, property damage and public officials' errors and omissions. Deposits made to the ICRMA are based on losses incurred by the insured, and rebates are possible if the losses are minimal.

On November 17, 2016, the ICRMA Board approved an assessment on the member cities to fund deficits in its Liability Program for the fiscal years ended 2004, and 2012 through 2015. The City's share of this assessment was determined to be \$1,635,143 and is due and payable in equal installments of \$163,514 over the next ten years. This insurance assessment liability is recorded in the General Liability Internal Service Fund.

There have been no significant changes in insurance coverage as compared to last year and the City has not experienced settlements in excess of insurance coverage during the past three fiscal years. Estimates for liabilities have been accrued in the Workers' Compensation and General Liability Internal Service Funds. These funds also include an estimate for incurred but not reported claims.

At June 30, 2017 total estimated claims payable were as follows:

General Liability	\$ 2,616,056
Workers' Compensation	<u>7,648,021</u>
Total	<u>\$ 10,264,077</u>

A reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior two years is as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Claims Liabilities - Beginning Balance	\$ 9,364,303	\$ 8,841,343	\$ 8,324,331
Incurred claims, representing the total of a provision for events of the current fiscal year and any change in the provision for events of prior fiscal years	2,851,077	2,213,786	1,516,247
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(1,951,303)</u>	<u>(1,690,826)</u>	<u>(999,235)</u>
Claims Liabilities - Ending Balance	<u>\$ 10,264,077</u>	<u>\$ 9,364,303</u>	<u>\$ 8,841,343</u>

The claims liabilities are reported in the Statement of Net Position in the Government-Wide Financial Statements and in the Statement of Revenues, Expenses and Changes in Net Position in the Proprietary Fund Statements in the Internal Service Funds.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

13. OTHER REQUIRED DISCLOSURES

Deficit Net Position

Fund Financial Statements

At June 30, 2017, deficit net position was reported for the Successor Agency Private-Purpose Trust Fund in the amount of \$(79,247,333). The deficit is expected to be eliminated with future payments from the Redevelopment Property Tax Trust Fund to the Successor Agency for its long-term debt.

At June 30, 2017, deficit net position was reported for the Workers' Compensation Internal Service Fund in the amount of \$(3,308,623). City management intends to eliminate the deficit net position of the Workers' Compensation Funds over time by increased charges to City departments, and making transfers from excess in other internal service funds. City management believes the present cash position of this fund is adequate to meet current needs.

At June 30, 2017, deficit net position was reported for the General Liability Internal Service Fund in the amount of \$(1,621,245). City management intends to eliminate the deficit net position of the General Liability Internal Service Fund over time by increased charges to City departments, and making transfers from excess in other internal service funds. City management believes the present cash position of this fund is adequate to meet current needs.

Deficit Fund Balances

Fund Financial Statements

At June 30, 2017, deficit fund balances were reported for Park Facilities Special Revenue Fund, Public Safety Impact Fee Special Revenue Fund, and Library Tax Special Revenue Fund in the amount of \$(159,663), \$(327,050) and \$(8,527), respectively. City management intends to eliminate the deficit fund balances by anticipated high revenues in subsequent years due to anticipated development projects and higher library tax collections.

Excess of Expenditures over Appropriations

Total expenditures exceeded budgeted appropriation in the following funds.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Major Fund:			
Retirement/Pension Liability Fund	\$ 8,449,259	\$ 8,709,042	\$ (259,783)
Nonmajor Special Revenue Governmental Funds:			
Public Safety Augmentation	660,000	688,715	(28,715)
Special Revenue Library Tax	540,366	556,457	(16,092)

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

14. FUND BALANCE CLASSIFICATIONS

	<u>Major Funds</u>					
	<u>General</u>	<u>Special Revenue</u>			<u>Nonmajor Governmental</u>	<u>Totals</u>
		<u>Grants</u>	<u>Retirement/ Pension</u>	<u>Housing</u>		
Nonspendable:						
Prepaid items	\$ 74,939	\$ -	\$ -	\$ -	\$ -	\$ 74,939
Advances to other funds	741,556	-	-	-	-	741,556
Total Nonspendable	816,495	-	-	-	-	816,495
Restricted:						
Housing	-	-	-	2,454,115	-	2,454,115
Grants:						
Public safety	-	424,346	-	-	-	424,346
Economic development	-	593,460	-	-	-	593,460
Other projects under \$300,000 in aggregates	-	260,034	-	-	-	260,034
Retirement	-	-	9,275,697	-	-	9,275,697
OPA Proposition A	-	-	-	-	2,720,047	2,720,047
State Gas Tax	-	-	-	-	1,573,933	1,573,933
Proposition C	-	-	-	-	1,111,610	1,111,610
Air Quality Improvement	-	-	-	-	243,856	243,856
Asset Forfeiture	-	-	-	-	616,609	616,609
Business Improvement Area #1	-	-	-	-	159,102	159,102
Maintenance District 93-1	-	-	-	-	74,224	74,224
Measure R	-	-	-	-	1,919,275	1,919,275
	-	-	-	-	-	-
Total Restricted	-	1,277,840	9,275,697	2,454,115	8,418,656	21,426,308
Committed:						
Catastrophic event	2,340,000	-	-	-	-	2,340,000
Working capital	3,000,000	-	-	-	-	3,000,000
Economic development	5,486,927	-	-	-	-	5,486,927
CERCLA Liability	-	-	-	-	472,919	472,919
Total Committed	10,826,927	-	-	-	472,919	11,299,846
Assigned:						
City capital improvements	14,414,724	-	-	-	-	14,414,724
Total Assigned	14,414,724	-	-	-	-	14,414,724
Unassigned:						
General Fund	4,144,661	-	-	-	-	4,144,661
Highways and streets	-	(874,249)	-	-	-	(874,249)
Library Tax	-	-	-	-	(8,524)	(8,524)
Park facilities	-	-	-	-	(159,663)	(159,663)
Public safety	-	-	-	-	(327,053)	(327,053)
Total Unassigned	4,144,661	(874,249)	-	-	(495,240)	2,775,172
Total Fund Balances	\$ 30,202,807	\$ 403,591	\$ 9,275,697	\$ 2,454,115	\$ 8,396,335	\$ 50,732,545

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2017

15. SUBSEQUENT EVENTS

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

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2017

Last Ten Fiscal Years¹

California Public Employees' Retirement System (CalPERS) - Miscellaneous Plan

Fiscal Year Ended	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability			
Service cost	\$ 2,069,087	\$ 1,980,088	\$ 1,910,429
Interest	8,653,522	8,290,095	7,992,845
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(944,621)	(1,849,112)	-
Changes of assumptions	-	(2,040,465)	-
Benefit payments, including refunds of employee contributions	(4,855,567)	(4,383,243)	(4,121,783)
Net change in total pension liability	4,922,421	1,997,363	5,781,491
Total pension liability - beginning	115,455,787	113,458,424	107,676,933
Total pension liability - ending (a)	<u>\$ 120,378,208</u>	<u>\$ 115,455,787</u>	<u>\$ 113,458,424</u>
Pension fiduciary net position			
Contributions - employer	\$ 3,019,357	\$ 2,466,015	\$ 2,203,100
Contributions - employee	917,401	940,132	838,784
Net investment income ²	385,286	1,789,784	12,387,447
Benefit payments, including refunds of employee contributions	(4,855,567)	(4,383,243)	(4,121,783)
Other	-	-	-
Net change in plan fiduciary net position	(533,523)	812,688	11,307,548
Plan fiduciary net position - beginning	83,774,403	82,961,715	71,654,167
Plan fiduciary net position - ending (b)	<u>\$ 83,240,880</u>	<u>\$ 83,774,403</u>	<u>\$ 82,961,715</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 37,137,328</u>	<u>\$ 31,681,384</u>	<u>\$ 30,496,709</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69.15%</u>	<u>72.56%</u>	<u>73.12%</u>
Covered-employee payroll	<u>\$ 11,429,792</u>	<u>\$ 11,412,611</u>	<u>\$ 10,708,680</u>
Plan net pension liability as a percentage of covered-employee payroll	<u>324.92%</u>	<u>277.60%</u>	<u>284.78%</u>

¹ This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

² Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: For the measurement period 2016, there were no changes. In 2015, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expenses.) In 2014, amounts reported were based on the 7.5% discount rate.

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios, Continued
June 30, 2017

Last Ten Fiscal Years¹

California Public Employees' Retirement System (CalPERS) - Safety Plan

Fiscal Year Ended	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability			
Service cost	\$ 2,947,888	\$ 2,923,036	\$ 3,003,645
Interest	13,417,480	12,911,065	12,482,279
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(950,812)	(1,936,767)	-
Changes of assumptions	-	(3,224,562)	-
Benefit payments, including refunds of employee contributions	<u>(8,465,095)</u>	<u>(8,086,742)</u>	<u>(7,798,383)</u>
Net change in total pension liability	6,949,461	2,586,030	7,687,541
Total pension liability - beginning	<u>179,101,312</u>	<u>176,515,282</u>	<u>168,827,741</u>
Total pension liability - ending (a)	<u>\$ 186,050,773</u>	<u>\$ 179,101,312</u>	<u>\$ 176,515,282</u>
Pension fiduciary net position			
Contributions - employer	\$ 3,647,109	\$ 3,220,567	\$ 2,924,318
Contributions - employee	1,075,386	1,046,298	1,022,948
Net investment income ²	609,810	2,899,577	21,032,695
Benefit payments, including refunds of employee contributions	(8,465,095)	(8,086,742)	(7,798,383)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(3,132,790)	(920,300)	17,181,578
Plan fiduciary net position - beginning	<u>138,692,387</u>	<u>139,612,687</u>	<u>122,431,109</u>
Plan fiduciary net position - ending (b)	<u>\$ 135,559,597</u>	<u>\$ 138,692,387</u>	<u>\$ 139,612,687</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 50,491,176</u>	<u>\$ 40,408,925</u>	<u>\$ 36,902,595</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72.86%</u>	<u>77.44%</u>	<u>79.09%</u>
Covered-employee payroll	<u>\$ 11,565,157</u>	<u>\$ 11,541,643</u>	<u>\$ 11,410,291</u>
Net pension liability as a percentage of covered-employee payroll	<u>436.58%</u>	<u>350.11%</u>	<u>323.42%</u>

¹ This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

² Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: For the measurement period 2016, there were no changes. In 2015, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expenses.) In 2014, amounts reported were based on the 7.5% discount rate.

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios, Continued
June 30, 2017

Last Ten Fiscal Years¹

Massachusetts Mutual Retirement Plan (MMRP)

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Total pension liability			
Service cost	\$ -	\$ -	\$ -
Interest	287,000	305,004	321,000
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	(53,000)
Changes of assumptions	-	-	76,000
Benefit payments, including refunds of employee contributions	<u>(666,000)</u>	<u>(691,000)</u>	<u>(702,000)</u>
Net change in total pension liability	<u>(379,000)</u>	<u>(385,996)</u>	<u>(358,000)</u>
Total pension liability - beginning	<u>6,375,004</u>	<u>6,761,000</u>	<u>7,119,000</u>
Total pension liability - ending (a)	<u>\$ 5,996,004</u>	<u>\$ 6,375,004</u>	<u>\$ 6,761,000</u>
Pension fiduciary net position			
Contributions - employer	\$ 950,000	\$ 950,000	\$ 950,000
Contributions - employee	-	-	-
Net investment income	53,000	(12,000)	57,000
Benefit payments, including refunds of employee contributions	(666,000)	(691,000)	(702,000)
Administrative expense	(15,000)	(14,000)	(16,000)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	<u>322,000</u>	<u>233,000</u>	<u>289,000</u>
Plan fiduciary net position - beginning	<u>2,747,000</u>	<u>2,514,000</u>	<u>2,225,000</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,069,000</u>	<u>\$ 2,747,000</u>	<u>\$ 2,514,000</u>
Plan's net pension liability - ending (a) - (b)	<u>\$ 2,927,004</u>	<u>\$ 3,628,004</u>	<u>\$ 4,247,000</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>51.18%</u>	<u>43.09%</u>	<u>37.18%</u>
Covered-employee payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan's net pension liability as a percentage of covered-employee payroll	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

¹ This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Contribution
June 30, 2017

Last Ten Fiscal Years¹

California Public Employees' Retirement System (CalPERS) - Miscellaneous Plan

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 3,125,350	\$ 2,764,898	\$ 2,466,015
Contributions in relation to the actuarially determined contribution ²	<u>(3,395,350)</u>	<u>(3,004,898)</u>	<u>(2,466,015)</u>
Contribution deficiency (excess)	<u>\$ (270,000)</u>	<u>\$ (240,000)</u>	<u>\$ -</u>
Covered-employee payroll ^{3, 4}	\$ 11,093,630	\$ 11,429,792	\$ 11,412,611
Contributions as a percentage of covered-employee payroll ³	30.61%	26.29%	21.61%

¹ This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the

⁴ Payroll from prior year was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were derived from the June 30, 2013 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.5%, net of pension plan investment and administrative expenses; includes inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Contribution, Continued
June 30, 2017

Last Ten Fiscal Years¹

California Public Employees' Retirement System (CalPERS) - Safety Plan

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 4,079,592	\$ 3,644,930	\$ 3,220,567
Contributions in relation to the actuarially determined contribution ²	<u>(4,079,592)</u>	<u>(3,644,930)</u>	<u>(3,220,567)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll ^{3, 4}	\$ 12,149,124	\$ 11,565,157	\$ 11,541,643
Contributions as a percentage of covered-employee payroll ³	33.58%	31.52%	27.90%

¹ This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for

⁴ Payroll from prior year was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were derived from the June 30, 2013 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percentage of Payroll, Closed
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.5%, net of pension plan investment and administrative expenses; includes inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Contribution, Continued
June 30, 2017

Last Ten Fiscal Years¹

Massachusetts Mutual Retirement Plan (MMRP)

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 961,000	\$ 950,000	\$ 950,000
Contributions in relation to the actuarially determined contribution	<u>(950,000)</u>	<u>(950,000)</u>	<u>(950,000)</u>
Contribution deficiency (excess)	<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered-employee payroll	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

¹ This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

Notes to Schedule:

Valuation date: June 30, 2015 for FY 2014-15 and 2015-16 contributions

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	6.1 years (closed) fresh start of June 30, 2014 UAAL for FY 2014-15 ADC
Asset valuation method	Market value investment gains and losses spreading over 5-year rolling period. No less than 80% nor more than 120% of market value
Non investment expenses	Assumed to average \$25,000 per year
Discount rate	4.75%
Expected long-term rate of return on plan investment	4.75%
Municipal bond rate	2.71%
General inflation	3.00%
Mortality	CalPERS 1997-2011 experience study. Fully generational projection with Scale AA

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Funding Progress (\$ Amount in Thousands)
June 30, 2017

Other Post Employment Benefit (OPEB) Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) [(b) - (a)]	Funded Ratio [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll {(b)-(a)/(c)}
7/01/11	\$ -	\$ 50,185	\$ 50,185	0.0%	\$ 20,486	244.97%
6/30/13	-	29,054	29,054	0.0%	19,901	145.99%
6/30/15	2,661	32,127	29,466	8.3%	19,939	147.78%

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited), Continued
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	General Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 27,037,500	\$ 27,037,500	\$ 28,844,755	\$ 1,807,255
Licenses and permits	2,718,100	2,718,100	2,913,671	195,571
Charges for services	5,591,346	5,591,346	6,494,232	902,886
Revenues from use of money and property	897,063	897,063	574,566	(322,497)
Fines and forfeitures	670,000	670,000	526,501	(143,499)
Other revenue	1,316,800	1,316,800	1,030,443	(286,357)
Total Revenues	<u>38,230,809</u>	<u>38,230,809</u>	<u>40,384,168</u>	<u>2,153,359</u>
Expenditures:				
Current:				
General government	6,456,178	6,519,811	3,877,086	2,642,725
Public safety	22,585,459	22,825,431	23,133,984	(308,553)
Community development	1,681,343	1,684,533	1,368,760	315,773
Culture and recreation	5,445,491	5,528,318	5,243,193	285,125
Highways and streets	945,582	945,582	782,661	162,921
Capital outlay	3,353,894	3,955,765	1,541,007	2,414,758
Debt service:				
Principal retirement	48,918	48,918	48,916	2
Interest and fiscal charges	43,469	43,469	43,467	2
Total Expenditures	<u>40,560,334</u>	<u>41,551,827</u>	<u>36,039,074</u>	<u>5,512,753</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,329,525)</u>	<u>(3,321,018)</u>	<u>4,345,094</u>	<u>7,666,112</u>
Other Financing Sources (Uses):				
Transfers in	-	-	94,877	94,877
Transfers out	<u>(2,100,000)</u>	<u>(2,600,000)</u>	<u>(2,643,475)</u>	<u>(43,475)</u>
Total Other Financing Sources (Uses)	<u>(2,100,000)</u>	<u>(2,600,000)</u>	<u>(2,548,598)</u>	<u>51,402</u>
Extraordinary Item	-	-	-	-
Net Change in Fund Balance	<u>\$ (4,429,525)</u>	<u>\$ (5,921,018)</u>	1,796,496	<u>\$ 7,717,514</u>
Fund Balance, Beginning of Year			<u>28,406,311</u>	
Fund Balance, End of Year			<u>\$ 30,202,807</u>	

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited), Continued
Special Revenue Grants Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Special Revenue Grants Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 2,267,910	\$ 3,082,805	\$ 1,851,272	\$ (1,231,533)
Charges for services	-	-	-	-
Revenues from use of money and property	-	-	57,090	57,090
Total Revenues	<u>2,267,910</u>	<u>3,082,805</u>	<u>1,908,362</u>	<u>(1,174,443)</u>
Expenditures:				
Current:				
General government	1,250	1,250	-	1,250
Public safety	139,550	319,081	402,871	(83,790)
Community development	386,284	408,521	450,924	(42,403)
Culture and recreation	191,960	191,785	184,294	7,491
Highways and streets	44,525	44,525	31,869	12,656
Capital outlay	103,410	1,812,634	1,322,574	490,060
Debt service:				
Principal retirement	481,922	481,922	481,921	1
Interest and fiscal charges	54,071	54,071	54,070	1
Total Expenditures	<u>1,402,972</u>	<u>3,313,789</u>	<u>2,928,523</u>	<u>385,266</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>864,938</u>	<u>(230,984)</u>	<u>(1,020,161)</u>	<u>(789,177)</u>
Other Financing Uses:				
Transfers in	-	-	43,475	43,475
Transfers out	-	-	(103,211)	(103,211)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(59,736)</u>	<u>(59,736)</u>
Net Change in Fund Balance	<u>\$ 864,938</u>	<u>\$ (230,984)</u>	<u>(1,079,897)</u>	<u>\$ (848,913)</u>
Fund Balance, Beginning of Year, as Restated			<u>1,483,488</u>	
Fund Balance, End of Year			<u>\$ 403,591</u>	

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited), Continued
Special Revenue Retirement/Pension Liability Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Special Revenue Retirement/Pension Liability			
	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	
Revenues:				
Taxes	\$ 6,674,000	\$ 6,674,000	\$ 6,538,403	\$ (135,597)
Revenues from use of money and property		-	603	603
Total Revenues	<u>6,674,000</u>	<u>6,674,000</u>	<u>6,539,006</u>	<u>(134,994)</u>
Expenditures:				
Current:				
General government	1,276,503	1,276,503	1,967,018	(690,515)
Public safety	4,716,286	4,910,101	4,355,675	554,426
Community development	270,799	270,799	412,437	(141,638)
Culture and recreation	611,285	611,285	638,162	(26,877)
Highways and streets	87,981	87,981	43,165	44,816
Debt service:				
Principal retirement	450,000	450,000	450,000	-
Interest and fiscal charges	842,590	842,590	842,589	1
Total Expenditures	<u>8,255,444</u>	<u>8,449,259</u>	<u>8,709,046</u>	<u>(259,787)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,581,444)</u>	<u>(1,775,259)</u>	<u>(2,170,040)</u>	<u>(394,781)</u>
Other Financing Sources:				
Transfers in	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,100,000</u>	-
Total Other Financing Sources	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,100,000</u>	-
Net Change in Fund Balance	<u>\$ 518,556</u>	<u>\$ 324,741</u>	<u>(70,040)</u>	<u>\$ (394,781)</u>
Fund Balance, Beginning of Year			<u>9,345,737</u>	
Fund Balance, End of Year			<u>\$ 9,275,697</u>	

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited), Continued
Special Revenue Housing Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Special Revenue Housing			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Other revenue	\$ 68,671	\$ 68,671	\$ 44,356	\$ (24,315)
Total Revenues	<u>68,671</u>	<u>68,671</u>	<u>44,356</u>	<u>(24,315)</u>
Expenditures:				
Current:				
Community development	60,000	60,000	43,220	16,780
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>43,220</u>	<u>16,780</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,671</u>	<u>8,671</u>	<u>1,136</u>	<u>(7,535)</u>
Net Change in Fund Balance	<u>\$ 8,671</u>	<u>\$ 8,671</u>	<u>1,136</u>	<u>\$ (7,535)</u>
Fund Balance, Beginning of Year			<u>2,452,979</u>	
Fund Balance, End of Year			<u>\$ 2,454,115</u>	

CITY OF MONTEREY PARK
Notes to the Required Supplementary Information (Unaudited)
June 30, 2017

Budgetary Control and Accounting

The City adheres to the following general procedure in establishing the budgetary data reflected in the financial statements:

The annual budget adopted by the City Council serves as a guideline for the operations of the City. It includes proposed expenditures and estimated revenues and is legally adopted for the General and Special Revenue Fund Types. Budgeted expenditures are controlled at the fund level. Council approval is required for an increase or decrease in total appropriations.

Appropriated amounts are as originally adopted or as adjusted by the City Council throughout the year. During the 2016-2017, the City Council approved a \$1,141,079 additional General Fund budgetary appropriation plus the re-budgeted Capital Improvement carryovers of \$3,869,597, a \$1,910,817 increase in the Special Revenue Grants Fund related to various grants received and re-budgeted grant funding for capital improvements.

Budgets for the General and Special Revenue Fund Types are adopted on a basis consistent with the generally accepted accounting principles. The modified-accrual basis of accounting is employed in the preparation of the budget for these fund types.

The budget is formally integrated into the accounting system and employed as management control device during the year for all governmental funds. At fiscal year-end, unexpended and unencumbered budget appropriations lapse. Encumbrances outstanding at year-end are carried into the following year for continuing appropriation.

Under Article XIII-B of the California Constitution (The Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rate or revised fee schedules. For the fiscal year ended June 30, 2017, based on calculations by City Management, proceeds of taxes did not exceed the appropriations limit.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted by law or administrative regulation for specified purposes. Special Revenue Funds include the following:

Proposition A Fund - used to account for the City's share of an additional one-half percent sales tax which was approved by the electorate in November 1980 and is collected by the County of Los Angeles to finance transportation projects such as the Monterey Park Spirit Buses and the Dial-A-Ride program.

Gas Tax Fund - used to account for expenditures financed by money apportioned under the Streets and Highways Code of the State of California.

Bike Route Fund - used to account for expenditures financed by State Transportation Development Act Article 3 funds for bike route and pedestrian facilities improvements.

Proposition C Fund - used to account for the City's share of an additional one-half percent sales tax which was approved by the electorate in November 1990 and is collected by the County of Los Angeles to finance transit projects within the City.

Air Quality Improvement Fund - used to account for the City's share of additional motor vehicle registration fees imposed by the South Coast Air Quality Management District to finance the implementation of mobile source emission reduction programs and the provisions of the California Clean Air Act.

Asset Forfeiture Fund - used to account for revenues derived from monies and property seized by the Police Department in drug related incidence. These funds may only be expended on activities used to enhance drug enforcement activities.

Park Facilities Fund - used to account for the acquisition and development of parks that are financed by developer fees, established pursuant to Monterey Park Municipal Code Section 16.54.050.

Business Improvement Area #1 Fund - used to account for receipts and expenditures relating to the promotion of business activities in the downtown area of the City.

Maintenance District 93-1 Fund - used to account for receipts and expenditures relating to the citywide benefit assessment district for street lighting and median maintenance.

Public Safety Impact Fee Fund - used to account for fees collected on new commercial and residential development. These funds will be used exclusively to finance public safety service expansion.

Public Safety Augmentation Fund - used to account for the City's share of the one-half percent sales tax which was approved by the electorate in November of 1993 (Proposition 172). The proceeds are earmarked exclusively for public safety purposes.

Measure R Fund - used to account for the City's share of ½-cent sales tax which was approved by Los Angeles County voters in November 2008 to pay for transportation needs. The proceeds are used exclusively for streets and roads, traffic control, public transit, and bicycle and pedestrian improvements.

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS, *Continued*

Library Tax Fund - used to account for annual parcel tax which was approved by the electorate in April of 1998 (Proposition C). The funds are to be exclusively used for Bruggemeyer Library improvements, expansion of operating hours, and additional books and supplies.

CERCLA Liability Fund - used to account for fees collected from the City's permitted haulers for each ton of waste that they dispose. The funds are to be only used to cover future environmental liability costs resulting from incidents falling under the Comprehensive Environmental Response Cleanup and Liability Act (CERCLA).

CITY OF MONTEREY PARK
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2017

Special Revenue Funds

	<u>Proposition A</u>	<u>Gas Tax</u>	<u>Bike Route</u>	<u>Proposition C</u>	<u>Air Quality Improvement</u>
<u>Assets</u>					
Cash and investments	\$ 2,772,486	\$ 1,635,577	\$ -	\$ 1,214,255	\$ 249,324
Accounts receivable	196	-	31,594	-	-
Interest receivable	5,171	2,992	-	2,113	464
Total Assets	<u>\$ 2,777,853</u>	<u>\$ 1,638,569</u>	<u>\$ 31,594</u>	<u>\$ 1,216,368</u>	<u>\$ 249,788</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 47,287	\$ 43,779	\$ -	\$ 104,757	\$ 5,931
Accrued payroll	10,519	20,857	-	-	-
Due to other funds	-	-	31,594	-	-
Advance from other funds	-	-	-	-	-
Total Liabilities	<u>57,806</u>	<u>64,636</u>	<u>31,594</u>	<u>104,757</u>	<u>5,931</u>
Fund Balances (Deficits):					
Restricted	2,720,047	1,573,933	-	1,111,611	243,857
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>2,720,047</u>	<u>1,573,933</u>	<u>-</u>	<u>1,111,611</u>	<u>243,857</u>
Total Liabilities and Fund Balances	<u>\$ 2,777,853</u>	<u>\$ 1,638,569</u>	<u>\$ 31,594</u>	<u>\$ 1,216,368</u>	<u>\$ 249,788</u>

CITY OF MONTEREY PARK
Combining Balance Sheet - Nonmajor Governmental Funds, Continued
June 30, 2017

	Special Revenue Funds				
	Asset Forfeiture	Park Facilities	Business Improvement Area #1	Maintenance District 93-1	Public Safety Impact Fee
<u>Assets</u>					
Cash and investments	\$ 696,286	\$ 80,893	\$ 158,907	\$ 63,766	\$ 189,855
Accounts receivable	-	-	-	25,063	-
Interest receivable	1,212	-	302	-	-
Total Assets	<u>\$ 697,498</u>	<u>\$ 80,893</u>	<u>\$ 159,209</u>	<u>\$ 88,829</u>	<u>\$ 189,855</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 79,640	\$ -	\$ 107	\$ 5,963	\$ 15,905
Accrued payroll	1,249	-	-	8,641	-
Due to other funds	-	-	-	-	-
Advance from other funds	-	240,556	-	-	501,000
Total Liabilities	<u>80,889</u>	<u>240,556</u>	<u>107</u>	<u>14,604</u>	<u>516,905</u>
Fund Balances (Deficits):					
Restricted	616,609	-	159,102	74,225	-
Committed	-	-	-	-	-
Unassigned	-	(159,663)	-	-	(327,050)
Total Fund Balances (Deficits)	<u>616,609</u>	<u>(159,663)</u>	<u>159,102</u>	<u>74,225</u>	<u>(327,050)</u>
Total Liabilities and Fund Balances	<u>\$ 697,498</u>	<u>\$ 80,893</u>	<u>\$ 159,209</u>	<u>\$ 88,829</u>	<u>\$ 189,855</u>

(Continued)

CITY OF MONTEREY PARK
Combining Balance Sheet - Nonmajor Governmental Funds, Continued
June 30, 2017

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Safety Augmentation	Measure R	Library Tax	CERCLA Liability	
<u>Assets</u>					
Cash and investments	\$ -	\$ 1,952,396	\$ -	\$ 472,020	\$ 9,485,765
Accounts receivable	122,458	-	10,666	-	189,977
Interest receivable	-	3,397	-	899	16,550
Total Assets	<u>\$ 122,458</u>	<u>\$ 1,955,793</u>	<u>\$ 10,666</u>	<u>\$ 472,919</u>	<u>\$ 9,692,292</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	\$ 35,754	\$ 6,713	\$ -	\$ 345,836
Accrued payroll	-	767	1,478	-	43,511
Due to other funds	122,458	-	11,002	-	165,054
Advance from other funds	-	-	-	-	741,556
Total Liabilities	<u>122,458</u>	<u>36,521</u>	<u>19,193</u>	<u>-</u>	<u>1,295,957</u>
Fund Balances (Deficits):					
Restricted	-	1,919,272	-	-	8,418,656
Committed	-	-	-	472,919	472,919
Unassigned	-	-	(8,527)	-	(495,240)
Total Fund Balances (Deficits)	<u>-</u>	<u>1,919,272</u>	<u>(8,527)</u>	<u>472,919</u>	<u>8,396,335</u>
Total Liabilities and Fund Balances	<u>\$ 122,458</u>	<u>\$ 1,955,793</u>	<u>\$ 10,666</u>	<u>\$ 472,919</u>	<u>\$ 9,692,292</u>

CITY OF MONTEREY PARK
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds				
	Proposition A	Gas Tax	Bike Route	Proposition C	Air Quality Improvement
Revenues:					
Taxes	\$ 1,239,763	\$ 1,158,790	\$ -	\$ 941,652	\$ 79,659
Charges for services	84,666	-	-	-	-
Revenues from use of money and property	19,247	11,554	-	8,197	1,781
Fines and forfeitures	-	-	-	-	-
Total Revenues	<u>1,343,676</u>	<u>1,170,344</u>	<u>-</u>	<u>949,849</u>	<u>81,440</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Culture and recreation	10,321	-	-	-	-
Highways and streets	974,387	1,501,076	-	755,840	15,874
Health	-	-	-	-	-
Capital outlay	106,209	15,999	-	-	71,171
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>1,090,917</u>	<u>1,517,075</u>	<u>-</u>	<u>755,840</u>	<u>87,045</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>252,759</u>	<u>(346,731)</u>	<u>-</u>	<u>194,009</u>	<u>(5,605)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	8,334
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,334</u>
Net Changes in Fund Balances	252,759	(346,731)	-	194,009	2,729
Fund Balances (Deficits), Beginning of Year	<u>2,467,288</u>	<u>1,920,664</u>	<u>-</u>	<u>917,602</u>	<u>241,128</u>
Fund Balances (Deficits), End of Year	<u>\$ 2,720,047</u>	<u>\$ 1,573,933</u>	<u>\$ -</u>	<u>\$ 1,111,611</u>	<u>\$ 243,857</u>

CITY OF MONTEREY PARK
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds, Continued
For the Year Ended June 30, 2017

	Special Revenue Funds				
	Asset Forfeiture	Park Facilities	Business Improvement Area #1	Maintenance District 93-1	Public Safety Impact Fee
Revenues:					
Taxes	\$ -	\$ -	\$ 77,419	\$ 978,688	\$ -
Charges for services	-	15,749	-	-	127,020
Revenues from use of money and property	5,879	-	-	-	-
Fines and forfeitures	78,158	-	1,298	-	-
Total Revenues	84,037	15,749	78,717	978,688	127,020
Expenditures:					
Current:					
Public safety	262,604	-	-	-	414,824
Community development	-	-	117,033	-	-
Culture and recreation	-	-	-	385,061	-
Highways and streets	-	-	-	548,742	-
Health	-	-	-	-	-
Capital outlay	238,083	46,519	-	4,795	-
Debt service:					
Principal retirement	30,600	-	-	-	-
Interest and fiscal charges	31,346	-	-	-	-
Total Expenditures	562,633	46,519	117,033	938,598	414,824
Excess (Deficiency) of Revenues Over Expenditures	(478,596)	(30,770)	(38,316)	40,090	(287,804)
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Changes in Fund Balances	(478,596)	(30,770)	(38,316)	40,090	(287,804)
Fund Balances (Deficits), Beginning of Year	1,095,205	(128,893)	197,418	34,135	(39,246)
Fund Balances (Deficits), End of Year	\$ 616,609	\$ (159,663)	\$ 159,102	\$ 74,225	\$ (327,050)

(Continued)

CITY OF MONTEREY PARK
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds, Continued
For the Year Ended June 30, 2017

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Safety Augmentation	Measure R	Library Tax	CERCLA Liability	
Revenues:					
Taxes	\$ 688,715	\$ 704,696	\$ 503,944	\$ 134,793	\$ 6,508,119
Charges for services	-	-	-	-	227,435
Revenues from use of money and property	-	12,335	12	3,556	62,561
Fines and forfeitures	-	-	-	-	79,456
Total Revenues	<u>688,715</u>	<u>717,031</u>	<u>503,956</u>	<u>138,349</u>	<u>6,877,571</u>
Expenditures:					
Current:					
Public safety	688,715	-	-	-	1,366,143
Community development	-	-	-	-	117,033
Culture and recreation	-	-	173,263	-	568,645
Highways and streets	-	126,607	-	-	3,922,526
Health	-	-	-	250,000	250,000
Capital outlay	-	69,107	-	-	551,883
Debt service:					
Principal retirement	-	-	358,719	-	389,319
Interest and fiscal charges	-	-	24,476	-	55,822
Total Expenditures	<u>688,715</u>	<u>195,714</u>	<u>556,458</u>	<u>250,000</u>	<u>7,221,371</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>521,317</u>	<u>(52,502)</u>	<u>(111,651)</u>	<u>(343,800)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	8,334
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,334</u>
Net Changes in Fund Balances	-	521,317	(52,502)	(111,651)	(335,466)
Fund Balances (Deficits), Beginning of Year	<u>-</u>	<u>1,397,955</u>	<u>43,975</u>	<u>584,570</u>	<u>8,731,801</u>
Fund Balances (Deficits), End of Year	<u>\$ -</u>	<u>\$ 1,919,272</u>	<u>\$ (8,527)</u>	<u>\$ 472,919</u>	<u>\$ 8,396,335</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Proposition A Fund
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 1,247,000	\$ 1,239,763	\$ (7,237)
Charges for services	111,000	84,666	(26,334)
Revenues from use of money and property	9,000	19,247	10,247
Total Revenues	<u>1,367,000</u>	<u>1,343,676</u>	<u>(23,324)</u>
Expenditures:			
Current:			
Culture and recreation	18,540	10,321	8,219
Highways and streets	1,109,680	974,387	135,293
Capital outlay	255,470	106,209	149,261
Total Expenditures	<u>1,383,690</u>	<u>1,090,917</u>	<u>292,773</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (16,690)</u>	252,759	<u>\$ 269,449</u>
Fund Balance, Beginning of Year		<u>2,467,288</u>	
Fund Balance, End of Year		<u>\$ 2,720,047</u>	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Gas Tax Fund
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 1,273,783	\$ 1,158,790	\$ (114,993)
Revenues from use of money and property	<u>7,300</u>	<u>11,554</u>	<u>4,254</u>
Total Revenues	<u>1,281,083</u>	<u>1,170,344</u>	<u>(110,739)</u>
Expenditures:			
Current:			
Highways and streets	1,557,841	1,501,076	56,765
Capital outlay	<u>16,000</u>	<u>15,999</u>	<u>1</u>
Total Expenditures	<u>1,573,841</u>	<u>1,517,075</u>	<u>56,766</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (292,758)</u>	<u>(346,731)</u>	<u>\$ (53,973)</u>
Fund Balance, Beginning of Year		<u>1,920,664</u>	
Fund Balance, End of Year		<u>\$ 1,573,933</u>	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Bike Route Fund
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 40,000	\$ -	\$ (40,000)
Total Revenues	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>
Expenditures:			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 40,000</u>	<u>-</u>	<u>\$ (40,000)</u>
Fund Balance, Beginning of Year		<u>-</u>	
Fund Balance, End of Year		<u>\$ -</u>	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Proposition C Fund
For the Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 940,000	\$ 941,652	\$ 1,652
Revenues from use of money and property	5,000	8,197	3,197
Total Revenues	<u>945,000</u>	<u>949,849</u>	<u>4,849</u>
Expenditures:			
Current:			
Highways and streets	841,620	755,840	85,780
Capital outlay	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total Expenditures	<u>1,091,620</u>	<u>755,840</u>	<u>335,780</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (146,620)</u>	194,009	<u>\$ 340,629</u>
Fund Balance, Beginning of Year		<u>917,602</u>	
Fund Balance, End of Year		<u>\$ 1,111,611</u>	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Air Quality Improvement Fund
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 77,000	\$ 79,659	\$ 2,659
Revenues from use of money and property	<u>1,000</u>	<u>1,781</u>	<u>781</u>
Total Revenues	<u>78,000</u>	<u>81,440</u>	<u>3,440</u>
Expenditures:			
Current:			
Highways and streets	25,000	15,874	9,126
Capital outlay	<u>103,372</u>	<u>71,171</u>	<u>32,201</u>
Total Expenditures	<u>128,372</u>	<u>87,045</u>	<u>41,327</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(50,372)</u>	<u>(5,605)</u>	<u>44,767</u>
Other Financing Sources:			
Transfers in	<u>-</u>	<u>8,334</u>	<u>8,334</u>
Total Other Financing Sources	<u>-</u>	<u>8,334</u>	<u>8,334</u>
Net Change in Fund Balance	<u>\$ (50,372)</u>	2,729	<u>\$ 53,101</u>
Fund Balance, Beginning of Year		<u>241,128</u>	
Fund Balance, End of Year		<u>\$ 243,857</u>	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Asset Forfeiture Fund
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Revenues from use of money and property	\$ 1,500	\$ 5,879	\$ 4,379
Fines and forfeitures	280,000	78,158	(201,842)
Total Revenues	<u>281,500</u>	<u>84,037</u>	<u>(197,463)</u>
Expenditures:			
Current:			
Public safety	313,918	262,604	51,314
Capital outlay	300,000	238,083	61,917
Debt service:			
Principal retirement	30,601	30,600	1
Interest and fiscal charges	31,347	31,346	1
Total Expenditures	<u>675,866</u>	<u>562,633</u>	<u>113,233</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (394,366)</u>	<u>(478,596)</u>	<u>\$ (84,230)</u>
Fund Balance, Beginning of Year		<u>1,095,205</u>	
Fund Balance, End of Year		<u>\$ 616,609</u>	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Park Facilities Fund
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 300,000	\$ 15,749	\$ (284,251)
Total Revenues	<u>300,000</u>	<u>15,749</u>	<u>(284,251)</u>
Expenditures:			
Capital outlay	<u>256,010</u>	<u>46,519</u>	<u>209,491</u>
Total Expenditures	<u>256,010</u>	<u>46,519</u>	<u>209,491</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 43,990</u>	<u>(30,770)</u>	<u>\$ (74,760)</u>
Fund Balance (Deficit), Beginning of Year		<u>(128,893)</u>	
Fund Balance (Deficit), End of Year		<u>\$ (159,663)</u>	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Business Improvement Area #1 Fund
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 68,000	\$ 77,419	\$ 9,419
Fines and forfeitures	300	1,298	998
Total Revenues	<u>68,300</u>	<u>78,717</u>	<u>10,417</u>
Expenditures:			
Current:			
Community development	111,400	117,033	(5,633)
Total Expenditures	<u>111,400</u>	<u>117,033</u>	<u>(5,633)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (43,100)</u>	<u>(38,316)</u>	<u>\$ 4,784</u>
Fund Balance, Beginning of Year		<u>197,418</u>	
Fund Balance, End of Year		<u>\$ 159,102</u>	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Maintenance District 93-1 Fund
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 983,000	\$ 978,688	\$ (4,312)
Total Revenues	<u>983,000</u>	<u>978,688</u>	<u>(4,312)</u>
Expenditures:			
Current:			
Culture and recreation	433,752	385,061	48,691
Highways and streets	555,602	548,742	6,860
Capital outlay	<u>-</u>	<u>4,795</u>	<u>(4,795)</u>
Total Expenditures	<u>989,354</u>	<u>938,598</u>	<u>50,756</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (6,354)</u>	<u>40,090</u>	<u>\$ 46,444</u>
Fund Balance, Beginning of Year		<u>34,135</u>	
Fund Balance, End of Year		<u>\$ 74,225</u>	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Public Safety Impact Fee Fund
For the Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 450,000	\$ 127,020	\$ (322,980)
Total Revenues	450,000	127,020	(322,980)
Expenditures:			
Current:			
Public safety	194,185	414,824	(220,639)
Capital outlay	642,586	-	642,586
Total Expenditures	836,771	414,824	421,947
Excess (Deficiency) of Revenues Over Expenditures	\$ (386,771)	(287,804)	\$ 98,967
Fund Balance (Deficit), Beginning of Year		(39,246)	
Fund Balance (Deficit), End of Year		\$ (327,050)	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Public Safety Augmentation Fund
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 660,000	\$ 688,715	\$ 28,715
Total Revenues	<u>660,000</u>	<u>688,715</u>	<u>28,715</u>
Expenditures:			
Current:			
Public safety	<u>660,000</u>	<u>688,715</u>	<u>(28,715)</u>
Total Expenditures	<u>660,000</u>	<u>688,715</u>	<u>(28,715)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, Beginning of Year		<u>-</u>	
Fund Balance, End of Year		<u>\$ -</u>	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Measure R Fund
For the Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 707,000	\$ 704,696	\$ (2,304)
Revenues from use of money and property	4,500	12,335	7,835
Total Revenues	711,500	717,031	5,531
Expenditures:			
Current:			
Highways and streets	172,708	126,607	46,101
Capital outlay	1,370,123	69,107	1,301,016
Total Expenditures	1,542,831	195,714	1,347,117
Excess (Deficiency) of Revenues Over Expenditures	\$ (831,331)	521,317	\$ 1,352,648
Fund Balance, Beginning of Year		1,397,955	
Fund Balance, End of Year		\$ 1,919,272	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Library Tax Fund
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 506,000	\$ 503,944	\$ (2,056)
Revenues from use of money and property	300	12	(288)
Total Revenues	<u>506,300</u>	<u>503,956</u>	<u>(2,344)</u>
Expenditures:			
Current:			
Culture and recreation	157,169	-	157,169
Debt service:			
Principal retirement	358,720	358,719	1
Interest and fiscal charges	<u>24,477</u>	<u>24,476</u>	<u>1</u>
Total Expenditures	<u>540,366</u>	<u>556,458</u>	<u>(16,092)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (34,066)</u>	<u>(52,502)</u>	<u>\$ (18,436)</u>
Fund Balance, Beginning of Year		<u>43,975</u>	
Fund Balance (Deficit), End of Year		<u>\$ (8,527)</u>	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue CERCLA Liability Fund
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 133,000	\$ 134,793	\$ 1,793
Revenues from use of money and property	<u>3,000</u>	<u>3,556</u>	<u>556</u>
Total Revenues	<u>136,000</u>	<u>138,349</u>	<u>2,349</u>
Expenditures:			
Current:			
Health	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (114,000)</u>	<u>(111,651)</u>	<u>\$ 2,349</u>
Fund Balance, Beginning of Year		<u>584,570</u>	
Fund Balance, End of Year		<u>\$ 472,919</u>	

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WATER UTILITY ENTERPRISE FUND

Water Utility Enterprise Fund accounts for the City's water system operations. The Water Utility Enterprise Fund has the following two major activities:

Water Operation Activity - used to account for financial resources for the water operation including commercial, production, distribution, and implementation of Water Master Plan.

Water Treatment Activity - used to account for financial resources for the water treatment of certain chemical contaminations to meet water quality standards.

CITY OF MONTEREY PARK
Water Utility Enterprise Fund
Combining Schedule of Net Position
June 30, 2017

<u>Assets</u>	Water Operations Activity	Water Treatment Activity	Total
Current Assets:			
Cash and investments	\$ 6,393,312	\$ 16,117,594	\$ 22,510,906
Accounts receivable	2,514,885	2,267,441	4,782,326
Total Current Assets	8,908,197	18,385,035	27,293,232
Noncurrent Assets:			
Nondepreciable capital assets	926,437	2,980,907	3,907,344
Depreciable capital assets, net of accumulated depreciation	26,417,692	6,042,420	32,460,112
Total Noncurrent Assets	27,344,129	9,023,327	36,367,456
Total Assets	36,252,326	27,408,362	63,660,688
 <u>Deferred Outflow of Resources</u>			
Amounts related to pension plans	936,094	211,933	1,148,027
 <u>Liabilities</u>			
Current Liabilities:			
Accounts payable	782,771	2,014,471	2,797,242
Accrued payroll	80,631	27,522	108,153
Deposits and advances	433,343	-	433,343
Capital lease obligations - due within one year	387,704	370,000	757,704
Compensated absences payable - due within one year	39,817	18,601	58,418
Total Current Liabilities	1,724,266	2,430,594	4,154,860
Noncurrent Liabilities:			
Capital lease obligation	9,408,943	399,999	9,808,942
Compensated absences payable	358,354	167,409	525,763
OPEB obligations payable	644,991	121,540	766,531
Net pension liabilities	5,944,284	1,114,557	7,058,841
Total Non Current Liabilities	16,356,572	1,803,505	18,160,077
Total Liabilities	18,080,838	4,234,099	22,314,937
 <u>Deferred Inflow of Resources</u>			
Amounts related to pension plans	79,168	14,844	94,012
 <u>Net Position</u>			
Net investment in capital assets	17,547,482	8,253,328	25,800,810
Restricted for Siemens energy savings projects	-	-	-
Unrestricted	1,480,932	15,118,024	16,598,956
Total Net Position	\$ 19,028,414	\$ 23,371,352	\$ 42,399,766
Adjustment to reflect the consolidation of internal service funds activities to related enterprise activity	(2,136,626)	-	(2,136,626)
Net Position Related to Water Utility Enterprise Activities	\$ 16,891,788	\$ 23,371,352	\$ 40,263,140

CITY OF MONTEREY PARK
Water Utility Enterprise Fund
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	Water Operations Activity	Water Treatment Activity	Total
Operating Revenues:			
Charges for services	\$ 9,885,668	\$ 3,447,731	\$ 13,333,399
Meter installations	106,277	-	106,277
Other revenue	55,405	1,162,671	1,218,076
Total Operating Revenues	<u>10,047,350</u>	<u>4,610,402</u>	<u>14,657,752</u>
Operating Expenses:			
Administration	5,008,725	-	5,008,725
Commercial - water	547,722	-	547,722
Production - water	1,215,199	-	1,215,199
Distribution - water	1,228,113	-	1,228,113
Treatment plant operations	-	2,260,686	2,260,686
Depreciation	1,281,223	351,760	1,632,983
Total Operating Expenses	<u>9,280,982</u>	<u>2,612,446</u>	<u>11,893,428</u>
Operating Income (Loss)	<u>766,368</u>	<u>1,997,956</u>	<u>2,764,324</u>
Nonoperating Income (Loss):			
Intergovernmental grants	-	1,861,096	1,861,096
Interest income	105	-	105
Interest expense	(330,023)	-	(330,023)
Gain on sale of surplus property	20,878	-	20,878
Total Nonoperating Income (Loss)	<u>(309,040)</u>	<u>1,861,096</u>	<u>1,552,056</u>
Net Income (Loss) Before Capital Contributions	<u>457,328</u>	<u>3,859,052</u>	<u>4,316,380</u>
Capital Contributions	55,357	-	55,357
Total Capital Contributions	<u>55,357</u>	<u>-</u>	<u>55,357</u>
Changes in Net Position	512,685	3,859,052	4,371,737
Net Position, Beginning of Year	<u>18,515,729</u>	<u>19,512,300</u>	<u>38,028,029</u>
Net Position, End of Year	<u>\$ 19,028,414</u>	<u>\$ 23,371,352</u>	<u>\$ 42,399,766</u>
Changes in Net Position	\$ 512,685	\$ 3,859,052	\$ 4,371,737
Adjustment to reflect consolidation of internal service fund activities to related enterprise activity	<u>(1,304,069)</u>	<u>-</u>	<u>(1,304,069)</u>
Changes in Net Position Related to Water Utility Enterprise Activities	<u>\$ (791,384)</u>	<u>\$ 3,859,052</u>	<u>\$ 3,067,668</u>

CITY OF MONTEREY PARK
Water Utility Enterprise Fund
Combining Schedule of Cash Flows
For the Year Ended June 30, 2017

	Water Operations Activity	Water Treatment Activity	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 9,365,443	\$ 4,579,426	\$ 13,944,869
Cash payments to suppliers for goods and services	(5,618,779)	(1,206,018)	(6,824,797)
Cash payments to employees for services	(3,402,105)	(1,234,393)	(4,636,498)
Net Cash Provided by Operating Activities	<u>344,559</u>	<u>2,139,015</u>	<u>2,483,574</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(1,082,054)	(949,757)	(2,031,811)
Grant proceeds	-	-	-
Capital contributions	55,357	-	55,357
Proceeds from sale of surplus assets	20,878	-	20,878
Principal paid on lease financing	(1,190,030)	(370,000)	(1,560,030)
Interest paid on lease financing	(330,023)	-	(330,023)
Net Cash Used in Capital and Related Financing Activities	<u>(2,525,872)</u>	<u>(1,319,757)</u>	<u>(3,845,629)</u>
Cash Flows from Investing Activities:			
Interest income	105	-	105
Net Cash Provided by Investing Activities	<u>105</u>	<u>-</u>	<u>105</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,181,208)	819,258	(1,361,950)
Cash and Cash Equivalents, Beginning of Year	8,574,520	15,298,336	23,872,856
Cash and Cash Equivalents, End of Year	<u>\$ 6,393,312</u>	<u>\$ 16,117,594</u>	<u>\$ 22,510,906</u>
Cash and investments	\$ 6,393,312	\$ 16,117,594	\$ 22,510,906
Cash and investments with fiscal agent	-	-	-
Total Cash and Cash Equivalents	<u>\$ 6,393,312</u>	<u>\$ 16,117,594</u>	<u>\$ 22,510,906</u>
Reconciliation of Operating Income (Loss) to Net			
Cash Provided by Operating Activities:			
Operating income (loss)	\$ 766,368	\$ 1,997,956	\$ 2,764,324
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by Operating Activities:			
Depreciation	1,281,223	351,760	1,632,983
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(681,907)	(30,976)	(712,883)
(Increase) decrease in deferred outflows of resources - pension plans	(455,310)	(121,786)	(577,096)
Increase (decrease) in accounts payable	(1,102,980)	(190,804)	(1,293,784)
Increase (decrease) in accrued payroll	(15,656)	(5,129)	(20,785)
Increase (decrease) in deposits and advances	13,442	-	13,442
Increase (decrease) in compensated absences payable	(5,694)	33,695	28,001
Increase (decrease) in OPEB obligations payable	16,222	5,140	21,362
Increase (decrease) in net pension liabilities	875,264	164,113	1,039,377
Increase (decrease) in deferred inflows of resources - pension plans	(346,413)	(64,954)	(411,367)
Total Adjustments	<u>(421,809)</u>	<u>141,059</u>	<u>(280,750)</u>
Net Cash Provided by Operating Activities	<u>\$ 344,559</u>	<u>\$ 2,139,015</u>	<u>\$ 2,483,574</u>

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department to other departments of the City, on a cost-reimbursement basis. Internal Service Funds include the following:

Separation Benefits Fund - used to account for employee separation costs (i.e., vacation, sick and holiday hours).

General Liability Fund - used to account for the City's general liability insurance, including claims, legal and other expenses.

Workers' Compensation Fund - used to account for the City's workers' compensation insurance costs, including claims, legal and other expenses.

Shop Fund - used to account for the purchase and maintenance of all motorized equipment used by City departments.

Technology Fund - used to account for the City's centralized data processing activities and future technological infrastructure improvements.

CITY OF MONTEREY PARK
Combining Schedule of Net Position - Internal Service Funds
June 30, 2017

<u>Assets</u>	<u>Separation Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
Current Assets:			
Cash and investments	\$ 2,528,862	\$ 2,644,154	\$ 4,353,640
Inventory	-	-	-
Total Current Assets	<u>2,528,862</u>	<u>2,644,154</u>	<u>4,353,640</u>
Noncurrent Assets:			
Nondepreciable capital assets	-	-	-
Depreciable capital assets, net of accumulated depreciation	-	-	-
Total Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>2,528,862</u>	<u>2,644,154</u>	<u>4,353,640</u>
 <u>Liabilities</u>			
Current Liabilities:			
Accounts payable	-	750	6,050
Accrued payroll	38,034	1,948	765
Insurance assessment payable - due within one year	-	163,514	-
Claims and judgments payable - due within one year	-	994,575	956,728
Compensated absences payable - due within one year	-	1,150	743
Total Current Liabilities	<u>38,034</u>	<u>1,161,937</u>	<u>964,286</u>
Noncurrent:			
Insurance assessment payable - due in more than one year	-	1,471,629	-
Claims and judgments payable - due in more than one year	-	1,621,481	6,691,293
Compensated absences payable - due in more than one year	-	10,352	6,684
Total Noncurrent Liabilities	<u>-</u>	<u>3,103,462</u>	<u>6,697,977</u>
Total Liabilities	<u>38,034</u>	<u>4,265,399</u>	<u>7,662,263</u>
 <u>Net Position</u>			
Net investment in capital assets	-	-	-
Unrestricted	<u>2,490,828</u>	<u>(1,621,245)</u>	<u>(3,308,623)</u>
Total Net Position (Deficit)	<u>\$ 2,490,828</u>	<u>\$ (1,621,245)</u>	<u>\$ (3,308,623)</u>

CITY OF MONTEREY PARK
Combining Schedule of Net Position - Internal Service Funds, Continued
June 30, 2017

<u>Assets</u>	<u>Shop</u>	<u>Technology</u>	<u>Total</u>
Current Assets:			
Cash and investments	\$ 2,428,154	\$ 954,476	\$ 12,909,286
Inventory	4,216	-	4,216
Total Current Assets	2,432,370	954,476	12,913,502
Noncurrent Assets:			
Nondepreciable capital assets	43,749	-	43,749
Depreciable capital assets, net of accumulated depreciation	724,336	417,140	1,141,476
Total Capital Assets	768,085	417,140	1,185,225
Total Noncurrent Assets	768,085	417,140	1,185,225
Total Assets	3,200,455	1,371,616	14,098,727
 <u>Liabilities</u>			
Current Liabilities:			
Accounts payable	259,600	-	266,400
Accrued payroll	10,412	-	51,159
Insurance assessment payable - due within one year	-	-	163,514
Claims and judgments payable - due within one year	-	-	1,951,303
Compensated absences payable - due within one year	4,350	-	6,243
Total Current Liabilities	274,362	-	2,438,619
Noncurrent:			
Claims and judgments payable - due in more than one year	-	-	1,471,629
Compensated absences payable - due in more than one year	39,148	-	56,184
Total Noncurrent Liabilities	39,148	-	9,840,587
Total Liabilities	313,510	-	12,279,206
 <u>Net Position</u>			
Net investment in capital assets	768,085	417,140	1,185,225
Unrestricted	2,118,860	954,476	634,296
Total Net Position (Deficit)	\$ 2,886,945	\$ 1,371,616	\$ 1,819,521

CITY OF MONTEREY PARK
Combining Schedule of Revenues, Expenses and
Changes in Net Position - Internal Service Funds
For the Year Ended June 30, 2017

	Separation Benefits	General Liability	Workers' Compensation
Operating Revenues:			
Charges for services	\$ 1,294,341	\$ 1,607,200	\$ 1,615,737
Other revenue	-	3,015	59,581
Total Operating Revenues	<u>1,294,341</u>	<u>1,610,215</u>	<u>1,675,318</u>
Operating Expenses:			
Salaries and benefits	991,546	58,439	24,285
Materials and supplies	-	-	-
Insurance and claims	-	4,269,230	2,639,144
Miscellaneous	-	-	-
Depreciation	-	-	-
Total Operating Expenses	<u>991,546</u>	<u>4,327,669</u>	<u>2,663,429</u>
Operating Income (Loss)	<u>302,795</u>	<u>(2,717,454)</u>	<u>(988,111)</u>
Nonoperating Income:			
Gain on sale of surplus property	-	-	-
Total Nonoperating Income	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers in	-	800,000	1,000,000
Transfers out	(1,300,000)	-	-
Total Other Financing Sources (Uses)	<u>(1,300,000)</u>	<u>800,000</u>	<u>1,000,000</u>
Changes in Net Position	(997,205)	(1,917,454)	11,889
Net Position (Deficit), Beginning of Year	<u>3,488,033</u>	<u>296,209</u>	<u>(3,320,512)</u>
Net Position (Deficit), End of Year	<u>\$ 2,490,828</u>	<u>\$ (1,621,245)</u>	<u>\$ (3,308,623)</u>

CITY OF MONTEREY PARK
Combining Schedule of Revenues, Expenses and
Changes in Net Position - Internal Service Funds, Continued
For the Year Ended June 30, 2017

	<u>Shop</u>	<u>Technology</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 1,850,461	\$ 175,796	\$ 6,543,535
Other revenue	1,915	-	64,511
Total Operating Revenues	<u>1,852,376</u>	<u>175,796</u>	<u>6,608,046</u>
Operating Expenses:			
Salaries and benefits	364,283	-	1,438,553
Materials and supplies	710,379	-	710,379
Insurance and claims	-	-	6,908,374
Miscellaneous	294,692	11,362	306,054
Depreciation	238,671	31,007	269,678
Total Operating Expenses	<u>1,608,025</u>	<u>42,369</u>	<u>9,633,038</u>
Operating Income (Loss)	<u>244,351</u>	<u>133,427</u>	<u>(3,024,992)</u>
Nonoperating Income:			
Gain on sale of surplus property	2,516	-	2,516
Total Nonoperating Income	<u>2,516</u>	<u>-</u>	<u>2,516</u>
Other Financing Sources (Uses):			
Transfers in	-	-	1,800,000
Transfers out	-	-	(1,300,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>500,000</u>
Changes in Net Position	246,867	133,427	(2,522,476)
Net Position (Deficit), Beginning of Year	<u>2,640,078</u>	<u>1,238,189</u>	<u>4,341,997</u>
Net Position (Deficit), End of Year	<u>\$ 2,886,945</u>	<u>\$ 1,371,616</u>	<u>\$ 1,819,521</u>

CITY OF MONTEREY PARK
Combining Schedule of Cash Flows - Internal Service Funds
For the Year Ended June 30, 2017

	<u>Separation Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
Cash Flows from Operating Activities:			
Cash receipts from interfund services provided	\$ 1,294,341	\$ 1,607,200	\$ 1,615,737
Cash receipts from reimbursements and other operating revenues	-	-	59,581
Cash payments to suppliers for goods and services	-	-	-
Cash payments to employees for services	(993,110)	(57,970)	(23,430)
Cash payments for insurance premiums and self-insurance claims	-	(2,968,307)	(1,460,675)
Net Cash Provided by (Used in) Operating Activities	<u>301,231</u>	<u>(1,416,062)</u>	<u>191,213</u>
Cash Flows from Noncapital and Related Financing Activities:			
Cash received from other funds	-	800,000	1,000,000
Cash paid to other funds	(1,300,000)	-	-
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	<u>(1,300,000)</u>	<u>800,000</u>	<u>1,000,000</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	-	-
Proceeds from sale of surplus assets	-	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(998,769)	(616,062)	1,191,213
Cash and Cash Equivalents, Beginning of Year	<u>3,527,631</u>	<u>3,260,216</u>	<u>3,162,427</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,528,862</u>	<u>\$ 2,644,154</u>	<u>\$ 4,353,640</u>
Reconciliation of Operating Income (Loss) to Net			
Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	<u>\$ 302,795</u>	<u>\$ (2,717,454)</u>	<u>\$ (988,111)</u>
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by (Used in) Operating Activities:			
Depreciation	-	-	-
Loss on disposal of property and equipment	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in inventory	-	-	-
Increase (decrease) in accounts payable	-	(55,701)	176
Increase (decrease) in accrued payroll	(1,564)	162	44
Increase (decrease) in insurance assessment payable	-	1,635,143	-
Increase (decrease) in claims and judgments payable	-	(278,519)	1,178,293
Increase (decrease) in compensated absences payable	-	307	811
Total Adjustments	<u>(1,564)</u>	<u>1,301,392</u>	<u>1,179,324</u>
Net Cash Provided by Operating Activities	<u>\$ 301,231</u>	<u>\$ (1,416,062)</u>	<u>\$ 191,213</u>

CITY OF MONTEREY PARK
Combining Schedule of Cash Flows - Internal Service Funds, Continued
For the Year Ended June 30, 2017

	<u>Shop</u>	<u>Technology</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash receipts from interfund services provided	\$ 1,850,461	\$ 175,796	\$ 6,543,535
Cash receipts from reimbursements and other operating revenues	1,915	-	61,496
Cash payments to suppliers for goods and services	(1,053,662)	(15,707)	(1,069,369)
Cash payments to employees for services	(405,546)	-	(1,480,056)
Cash payments for insurance premiums and self-insurance claims	-	-	(4,428,982)
Net Cash Provided by (Used in) Operating Activities	<u>393,168</u>	<u>160,089</u>	<u>(370,361)</u>
Cash Flows from Capital and Related Financing Activities:			
Cash received from other funds	-	-	1,800,000
Cash paid to other funds	-	-	(1,300,000)
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>500,000</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(42,772)	(224,165)	(266,937)
Proceeds from sale of surplus assets	2,516	-	2,516
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(40,256)</u>	<u>(224,165)</u>	<u>(264,421)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	352,912	(64,076)	(134,782)
Cash and Cash Equivalents, Beginning of Year	<u>2,075,242</u>	<u>1,018,552</u>	<u>13,044,068</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,428,154</u>	<u>\$ 954,476</u>	<u>\$ 12,909,286</u>
Reconciliation of Operating Income (Loss) to Net			
Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	<u>\$ 244,351</u>	<u>\$ 133,427</u>	<u>\$ (3,024,992)</u>
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by (Used in) Operating Activities:			
Depreciation	238,671	31,007	269,678
Loss on disposal of property and equipment	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in inventory	(1,036)	-	(1,036)
Increase (decrease) in accounts payable	(47,555)	(4,345)	(107,425)
Increase (decrease) in accrued payroll	(3,754)	-	(5,112)
Increase (decrease) in insurance assessment payable	-	-	1,635,143
Increase (decrease) in claims and judgments payable	-	-	899,774
Increase (decrease) in compensated absences payable	(37,509)	-	(36,391)
Total Adjustments	<u>148,817</u>	<u>26,662</u>	<u>2,654,631</u>
Net Cash Provided by Operating Activities	<u>\$ 393,168</u>	<u>\$ 160,089</u>	<u>\$ (370,361)</u>

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AGENCY FUNDS

Agency Funds are used to account for assets held by the City in a fiduciary capacity for other governmental units, private organizations or individuals. Agency funds include the following:

Deposits Fund - used to account for various donations for specific purposes and refundable security deposits paid by developers.

Construction Agency Fund - used to account for deposits placed with the City by developers to pay for future services provided by City-retained consultants.

CITY OF MONTEREY PARK
Combining Schedule of Assets and Liabilities - All Agency Funds
June 30, 2017

<u>Assets</u>	Deposits Fund	Construction Agency Fund	Totals
Cash and investments	\$ 2,668,749	\$ 51,011	\$ 2,719,760
Total Assets	\$ 2,668,749	\$ 51,011	\$ 2,719,760
<u>Liabilities</u>			
Accounts payable	\$ 31,750	\$ -	\$ 31,750
Deposits payable	2,636,999	51,011	2,688,010
Total Liabilities	\$ 2,668,749	\$ 51,011	\$ 2,719,760

CITY OF MONTEREY PARK
Combining Schedule of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2017

<u>Deposits Fund</u>	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Assets:				
Cash and investments	\$ 2,422,979	\$ 1,698,465	\$ (1,452,695)	\$ 2,668,749
Liabilities:				
Accounts payable	\$ 92,535	\$ 680,388	\$ (741,173)	\$ 31,750
Deposits payable	2,330,444	1,018,077	(711,522)	2,636,999
Total Liabilities	<u>\$ 2,422,979</u>	<u>\$ 1,698,465</u>	<u>\$ (1,452,695)</u>	<u>\$ 2,668,749</u>
 <u>Construction Agency Fund</u>				
Assets:				
Cash and investments	\$ 94,846	\$ 181,487	\$ (225,322)	\$ 51,011
Liabilities:				
Accounts payable	\$ 45,175	\$ 90,074	\$ (135,249)	\$ -
Deposits payable	49,671	91,413	(90,073)	51,011
Total Liabilities	<u>\$ 94,846</u>	<u>\$ 181,487</u>	<u>\$ (225,322)</u>	<u>\$ 51,011</u>
 <u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 2,517,825	\$ 1,879,952	\$ (1,678,017)	\$ 2,719,760
Liabilities:				
Accounts payable	\$ 137,710	\$ 770,462	\$ (876,422)	\$ 31,750
Deposits payable	2,380,115	1,109,490	(801,595)	2,688,010
Total Liabilities	<u>\$ 2,517,825</u>	<u>\$ 1,879,952</u>	<u>\$ (1,678,017)</u>	<u>\$ 2,719,760</u>

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STATISTICAL SECTION
(Unaudited)

This part of the City of Monterey Park's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Financial Trends Information - These schedules contain trend information to help the reader to understand how the City's financial performance and well-being have changed over time.

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CITY OF MONTEREY PARK
Net Position by Components
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2007/08	2008/09	2009/10	2010/11	2011/12
Governmental Activities:					
Net investment in capital assets	\$ 42,188,514	\$ 40,863,652	\$ 44,779,820	\$ 42,184,114	\$ 47,380,971
Restricted	50,363,018	57,279,208	54,638,570	29,449,081	26,824,487
Unrestricted	<u>(29,746,073)</u>	<u>(37,034,912)</u>	<u>(43,282,599)</u>	<u>(21,658,335)</u>	<u>6,298,370</u>
Total governmental activities net position	<u>\$ 62,805,459</u>	<u>\$ 61,107,948</u>	<u>\$ 56,135,791</u>	<u>\$ 49,974,860</u>	<u>\$ 80,503,828</u>
Business-Type Activities:					
Net investment in capital assets	\$ 19,228,082	\$ 17,370,937	\$ 17,254,986	\$ 19,372,272	\$ 20,439,644
Restricted	-	-	-	-	-
Unrestricted	<u>5,798,733</u>	<u>9,077,541</u>	<u>10,911,685</u>	<u>17,752,724</u>	<u>19,943,174</u>
Total business-type activities net position	<u>\$ 25,026,815</u>	<u>\$ 26,448,478</u>	<u>\$ 28,166,671</u>	<u>\$ 37,124,996</u>	<u>\$ 40,382,818</u>
Primary Government:					
Net investment in capital assets	\$ 61,416,596	\$ 58,234,589	\$ 62,034,806	\$ 61,556,386	\$ 67,820,615
Restricted	50,363,018	57,279,208	54,638,570	29,449,081	26,824,487
Unrestricted	<u>(23,947,340)</u>	<u>(27,957,371)</u>	<u>(32,370,914)</u>	<u>(3,905,611)</u>	<u>26,241,544</u>
Total primary government net position	<u>\$ 87,832,274</u>	<u>\$ 87,556,426</u>	<u>\$ 84,302,462</u>	<u>\$ 87,099,856</u>	<u>\$ 120,886,646</u>

CITY OF MONTEREY PARK
Net Position by Components
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2012/13	2013/14	2014/15	2015/16	2016/17
Governmental Activities:					
Net investment in capital assets	\$ 50,018,559	\$ 50,805,697	\$ 46,057,423	\$ 47,995,442	\$ 49,245,097
Restricted	20,629,264	18,330,529	20,198,282	22,221,698	20,689,401
Unrestricted	<u>9,341,223</u>	<u>11,318,896</u>	<u>(79,297,776)</u>	<u>(68,990,541)</u>	<u>(63,742,375)</u>
Total governmental activities net position	<u>\$ 79,989,046</u>	<u>\$ 80,455,122</u>	<u>\$ (13,042,071)</u>	<u>\$ 1,226,599</u>	<u>\$ 6,192,123</u>
Business-Type Activities:					
Net investment in capital assets	\$ 20,381,489	\$ 20,020,776	\$ 15,083,212	\$ 23,132,584	\$ 27,583,180
Restricted	-	-	-	514,518	-
Unrestricted	<u>25,700,563</u>	<u>26,197,066</u>	<u>24,186,095</u>	<u>18,629,778</u>	<u>19,078,479</u>
Total business-type activities net position	<u>\$ 46,082,052</u>	<u>\$ 46,217,842</u>	<u>\$ 39,269,307</u>	<u>\$ 42,276,880</u>	<u>\$ 46,661,659</u>
Primary Government:					
Net investment in capital assets	\$ 70,400,048	\$ 70,826,473	\$ 61,140,635	\$ 71,128,006	\$ 76,828,277
Restricted	20,629,264	18,330,529	20,198,282	22,736,216	20,689,401
Unrestricted	<u>35,041,786</u>	<u>37,515,962</u>	<u>(55,111,681)</u>	<u>(50,360,763)</u>	<u>(44,663,896)</u>
Total primary government net position	<u>\$ 126,071,098</u>	<u>\$ 126,672,964</u>	<u>\$ 26,227,236</u>	<u>\$ 43,503,459</u>	<u>\$ 52,853,782</u>

CITY OF MONTEREY PARK
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2007/08	2008/09	2009/10	2010/11	2011/2012
Expenses:					
Governmental activities:					
General government	\$ 4,338,308	\$ 3,879,270	\$ 3,393,846	\$ 3,497,432	\$ 4,405,489
Public safety	25,259,657	28,781,812	29,652,341	27,575,013	27,764,258
Community development	8,388,572	11,507,775	13,427,547	11,027,820	5,673,116
Culture and recreation	6,914,716	7,411,985	7,009,277	6,685,623	6,378,055
Highway and streets	5,184,431	5,812,714	5,981,608	5,209,925	4,886,331
Health	70,590	98,918	88,940	120,000	120,000
Interest and fiscal charges	3,040,769	2,975,762	2,909,194	2,785,485	2,128,198
Total governmental activities expenses	<u>53,197,043</u>	<u>60,468,236</u>	<u>62,462,753</u>	<u>56,901,298</u>	<u>51,355,447</u>
Business-type activities:					
Water	9,549,450	9,724,233	9,506,799	10,907,990	11,542,663
Refuse	5,465,893	5,676,667	5,793,221	5,812,305	5,944,116
Sewer	193,391	229,524	181,271	310,115	331,683
Total business-type activities expenses	<u>15,208,734</u>	<u>15,630,424</u>	<u>15,481,291</u>	<u>17,030,410</u>	<u>17,818,462</u>
Total primary government expenses	<u>68,405,777</u>	<u>76,098,660</u>	<u>77,944,044</u>	<u>73,931,708</u>	<u>69,173,909</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	765,334	766,402	640,487	626,842	627,769
Public safety	4,961,930	5,058,340	3,292,950	3,186,391	2,926,775
Community development	3,960,929	2,410,056	2,250,642	1,567,774	1,608,072
Culture and recreation	801,478	818,438	816,852	770,602	692,083
Highway and Streets	1,569,903	1,421,473	1,400,245	1,360,611	369,180
Health					
Operating grants and contributions	4,472,472	5,402,260	5,394,275	4,952,726	4,667,552
Capital grants and contributions	1,620,031	546,077	2,929,631	1,646,048	3,725,194
Total government activities program revenues	<u>18,152,077</u>	<u>16,423,046</u>	<u>16,725,082</u>	<u>14,110,994</u>	<u>14,616,625</u>
Business-type activities:					
Charges for services:					
Water	10,523,615	10,498,868	9,740,486	10,533,780	12,853,684
Refuse	5,773,306	5,949,179	5,796,888	5,980,597	6,001,641
Sewer	293,650	294,574	269,338	271,984	273,496
Operating grants and contributions			336,862	225,000	
Capital grants and contributions	444,903		80,322	74,414	91,894
Total business-type activities revenues	<u>17,035,474</u>	<u>16,742,621</u>	<u>16,223,896</u>	<u>17,085,775</u>	<u>19,220,715</u>
Total primary government revenues	<u>\$ 35,187,551</u>	<u>\$ 33,165,667</u>	<u>\$ 32,948,978</u>	<u>\$ 31,196,769</u>	<u>\$ 33,837,340</u>

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Expenses:					
Governmental activities:					
General government	\$ 6,522,107	\$ 4,050,482	\$ 4,610,081	\$ 3,771,179	\$ 4,935,827
Public safety	26,233,074	27,352,152	26,907,556	27,479,974	30,527,993
Community development	8,521,044	2,343,881	7,049,958	2,456,567	2,368,605
Culture and recreation	5,909,468	6,277,461	8,665,230	7,151,089	7,383,391
Highway and streets	5,380,336	6,434,924	5,512,170	6,223,450	5,555,218
Health	119,999	120,000	488,697	116,629	250,000
Interest and fiscal charges	1,275,063	1,207,716	1,269,034	990,315	993,823
Total governmental activities expenses	<u>53,961,091</u>	<u>47,786,616</u>	<u>54,502,726</u>	<u>48,189,203</u>	<u>52,014,857</u>
Business-type activities:					
Water	10,706,980	11,775,078	12,906,852	11,962,698	13,197,497
Refuse	6,040,457	6,985,344	6,657,089	7,562,168	7,648,908
Sewer	238,551	221,078	522,245	1,117,677	1,332,184
Total business-type activities expenses	<u>16,985,988</u>	<u>18,981,500</u>	<u>20,086,186</u>	<u>20,642,543</u>	<u>22,178,589</u>
Total primary government expenses	<u>70,947,079</u>	<u>66,768,116</u>	<u>74,588,912</u>	<u>68,831,746</u>	<u>74,193,446</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	909,328	907,537	1,005,102	1,157,100	1,216,968
Public safety	3,037,155	3,076,644	2,956,084	3,766,713	2,665,634
Community development	1,541,110	1,442,835	2,023,271	2,607,075	3,660,518
Culture and recreation	738,884	690,289	1,320,369	1,289,483	1,327,230
Highway and Streets	451,744	400,382	1,462,323	1,403,282	1,688,010
Health					
Operating grants and contributions	5,258,202	1,516,481	7,963,721	7,953,884	6,928,332
Capital grants and contributions	1,988,468	627,628	557,625	502,276	1,134,757
Total government activities program revenues	<u>13,924,891</u>	<u>8,661,796</u>	<u>17,288,495</u>	<u>18,779,813</u>	<u>18,621,449</u>
Business-type activities:					
Charges for services:					
Water	13,302,811	10,747,045	11,452,592	12,323,342	13,439,676
Refuse	5,832,841	6,028,436	6,371,405	6,954,603	7,124,768
Sewer	273,556	287,548	1,714,098	2,673,585	2,843,412
Operating grants and contributions					
Capital grants and contributions	41,834	169,783	98,776	97,507	1,916,453
Total business-type activities revenues	<u>19,451,042</u>	<u>17,232,812</u>	<u>19,636,871</u>	<u>22,049,037</u>	<u>25,324,309</u>
Total primary government revenues	<u>\$ 33,375,933</u>	<u>\$ 25,894,608</u>	<u>\$ 36,925,366</u>	<u>\$ 40,828,850</u>	<u>\$ 43,945,758</u>

Source: City of Monterey Park Management Services Department

(Continued)

CITY OF MONTEREY PARK
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2007/08	2008/09	2009/10	2010/11	2011/2012
Net (expense)/revenue:					
Governmental activities:	\$ (35,044,966)	\$ (44,045,190)	\$ (45,737,671)	\$ (42,790,304)	\$ (36,738,822)
Business-type activities:	1,826,740	1,112,197	742,605	55,365	1,402,253
Total primary government revenues	<u>\$ (33,218,226)</u>	<u>\$ (42,932,993)</u>	<u>\$ (44,995,066)</u>	<u>\$ (42,734,939)</u>	<u>\$ (35,336,569)</u>
General revenues and other					
Changes in net assets:					
Governmental activities:					
Taxes:					
Property taxes	\$ 25,506,057	\$ 26,741,260	\$ 27,059,553	\$ 27,331,232	\$ 24,537,300
Sales tax	5,407,689	4,546,028	4,100,798	4,803,406	5,057,132
Vehicle in-lieu tax	275,591	185,693	191,604	345,406	32,170
Utility users tax	3,417,647	3,516,748	3,349,907	3,219,600	3,092,796
Utility franchise tax	1,043,237	1,087,602	934,505	967,322	942,985
Business license tax	1,028,436	963,068	925,037	944,837	945,367
Transient occupancy tax	908,694	785,331	660,897	756,873	876,482
Other taxes	1,763,576	1,557,516	1,263,874	1,837,784	1,868,862
Revenues from use of money and property	3,540,097	2,145,238	1,021,730	891,671	776,649
Other	332,056	219,979	917,403	249,075	685,026
Gain/(Loss) on sale of property		(3,346)	(29,528)	6,627	1,842,182
Transfers	262,000	265,000	278,000	281,400	350,000
Total general revenues and transfers	<u>43,485,080</u>	<u>42,010,117</u>	<u>40,673,780</u>	<u>41,635,233</u>	<u>41,006,951</u>
Extraordinary item					26,752,439
Business-type activities:					
Revenues from use of money and property					
Other	963,303	537,971	1,345,322	4,168,640	2,205,569
Gain/(Loss) on sale of property				9,865	
Transfers	(262,000)	(265,000)	(278,000)	(281,400)	(350,000)
Total business-type activities	<u>701,303</u>	<u>272,971</u>	<u>1,067,322</u>	<u>3,897,105</u>	<u>1,855,569</u>
Total primary government	<u>44,186,383</u>	<u>42,283,088</u>	<u>41,741,102</u>	<u>45,532,338</u>	<u>42,862,520</u>
Changes in net position					
Governmental activities	8,440,114	(2,035,073)	(5,063,891)	(1,155,071)	31,020,568
Business-type activities	2,528,043	1,385,168	1,809,927	3,952,470	3,257,822
Total primary government	<u>\$ 10,968,157</u>	<u>\$ (649,905)</u>	<u>\$ (3,253,964)</u>	<u>\$ 2,797,399</u>	<u>\$ 34,278,390</u>

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Net (expense)/revenue:					
Governmental activities:	\$ (40,036,200)	\$ (39,124,820)	\$ (37,214,231)	\$ (29,409,390)	\$ (33,393,408)
Business-type activities:	2,465,054	(1,748,688)	(449,315)	1,406,494	3,145,720
Total primary government revenues	<u>\$ (37,571,146)</u>	<u>\$ (40,873,508)</u>	<u>\$ (37,663,546)</u>	<u>\$ (28,002,896)</u>	<u>\$ (30,247,688)</u>
General revenues and other					
Changes in net assets:					
Governmental activities:					
Taxes:					
Property taxes	\$ 24,066,354	\$ 19,794,165	\$ 22,600,233	\$ 22,235,616	\$ 23,154,960
Sales tax	5,437,244	4,942,821	5,245,208	6,427,211	6,517,491
Vehicle in-lieu tax	33,334	27,588	26,649	25,041	27,482
Utility users tax	3,041,163	3,202,264	3,257,450	3,212,890	3,212,912
Utility franchise tax	942,736	970,212	1,028,025	992,615	938,802
Business license tax	941,005	974,816	1,340,197	1,052,086	1,244,295
Transient occupancy tax	957,024	1,049,070	1,158,767	1,248,578	1,261,777
Other taxes	2,760,446	7,282,605	346,203	285,845	269,734
Revenues from use of money and property	827,781	872,174	929,648	1,155,649	701,151
Other	499,923	731,679	1,153,382	1,403,883	1,030,348
Gain/(Loss) on sale of property	14,408				
Transfers		18,000			
Total general revenues and transfers	<u>39,521,418</u>	<u>39,865,394</u>	<u>37,085,762</u>	<u>38,039,414</u>	<u>38,358,952</u>
Extraordinary item				5,638,626	
Business-type activities:					
Revenues from use of money and property					105
Other	3,230,138	1,897,638	2,192	1,601,079	1,238,954
Gain/(Loss) on sale of property	4,042	4,840	1,258,626		
Transfers		(18,000)	18,485		
Total business-type activities	<u>3,234,180</u>	<u>1,884,478</u>	<u>1,279,303</u>	<u>1,601,079</u>	<u>1,239,059</u>
Total primary government	<u>42,755,598</u>	<u>41,749,872</u>	<u>38,365,065</u>	<u>39,640,493</u>	<u>39,598,011</u>
Changes in net position					
Governmental activities	(514,782)	740,574	(128,469)	14,268,650	4,965,544
Business-type activities	5,699,234	135,790	829,988	3,007,573	4,384,779
Total primary government	<u>\$ 5,184,452</u>	<u>\$ 876,364</u>	<u>\$ 701,519</u>	<u>\$ 17,276,223</u>	<u>\$ 9,350,323</u>

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2007/08	2008/09	2009/10	2010/11	2011/12
General Fund:					
Nondisposable	\$ 2,076,039	\$ 1,429,902	\$ 695,930	\$ 710,330	\$ 703,230
Restricted	-	-	-	-	-
Committed	4,318,961	5,115,098	5,340,000	5,340,000	7,173,519
Assigned	5,356,963	5,307,662	5,207,133	4,589,465	5,145,940
Unassigned	<u>6,697,819</u>	<u>5,246,912</u>	<u>2,519,641</u>	<u>2,505,441</u>	<u>2,505,441</u>
Total general fund	<u>\$ 18,449,782</u>	<u>\$ 17,099,574</u>	<u>\$ 13,762,704</u>	<u>\$ 13,145,236</u>	<u>\$ 15,528,130</u>
All other governmental funds:					
Nondisposable	\$ 14,599,871	\$ 17,415,373	\$ 22,447,581	\$ 22,336,060	-
Restricted	25,986,245	28,018,812	21,025,370	29,449,081	\$ 26,824,487
Committed	5,577,800	3,354,156	2,524,270	3,524,270	-
Assigned	16,195,751	19,418,934	17,344,673	10,523,233	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,492)</u>	<u>(153,120)</u>
Total all other governmental funds	<u>\$ 62,359,667</u>	<u>\$ 68,207,275</u>	<u>\$ 63,341,894</u>	<u>\$ 65,727,152</u>	<u>\$ 26,671,367</u>
Total for Governmental Funds:	<u>\$ 80,809,449</u>	<u>\$ 85,306,849</u>	<u>\$ 77,104,598</u>	<u>\$ 78,872,388</u>	<u>\$ 42,199,497</u>

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2012/13</u>	<u>2013/14</u>	<u>Fiscal Year 2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
General Fund:					
Nonspendable	\$ -	\$ -	\$ 741,556	\$ 741,556	\$ 816,495
Restricted	-	-	-	78,799	-
Committed	7,173,519	7,173,519	7,173,519	10,979,027	10,826,927
Assigned	9,653,901	9,321,463	10,095,120	12,052,503	14,414,724
Unassigned	<u>3,554,425</u>	<u>3,554,425</u>	<u>3,556,499</u>	<u>4,554,426</u>	<u>4,144,661</u>
Total general fund	<u>\$ 20,381,845</u>	<u>\$ 20,049,407</u>	<u>\$ 21,566,694</u>	<u>\$ 28,406,311</u>	<u>\$ 30,202,807</u>
All other governmental funds:					
Nonspendable	\$ 1,989,686	\$ 1,989,686	\$ 1,921,015	\$ -	\$ -
Restricted	18,684,533	17,449,555	19,872,630	21,597,574	21,426,308
Committed	-	1,496,211	699,188	584,570	472,919
Assigned	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(931,973)</u>	<u>(168,139)</u>	<u>(1,369,489)</u>
Total all other governmental funds	<u>\$ 20,674,219</u>	<u>\$ 20,935,452</u>	<u>\$ 21,560,860</u>	<u>\$ 22,014,005</u>	<u>\$ 20,529,738</u>
Total for Governmental Funds:	<u>\$ 41,056,064</u>	<u>\$ 40,984,859</u>	<u>\$ 43,127,554</u>	<u>\$ 50,420,316</u>	<u>\$ 50,732,545</u>

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2007/08	2008/09	2009/10	2010/11	2011/12
Revenues:					
Taxes	\$ 40,432,674	\$ 40,316,886	\$ 38,619,421	\$ 42,568,610	\$ 37,442,373
Licenses and permits	2,929,898	2,797,953	2,419,414	1,661,496	1,856,887
Intergovernmental revenues	4,185,040	5,036,290	6,318,925	4,262,737	6,006,714
Charges for services	13,878,802	13,125,471	11,584,210	4,554,131	4,360,368
Revenues from use of money & property	3,540,095	2,137,057	939,476	767,652	744,346
Fines and forfeitures	2,347,916	1,687,318	1,393,098	1,272,417	952,992
Other	332,155	304,985	996,867	376,314	720,230
Total revenues	<u>67,646,580</u>	<u>65,405,960</u>	<u>62,271,411</u>	<u>55,463,357</u>	<u>52,083,910</u>
Expenditures					
Current:					
General government	3,543,528	3,585,033	3,633,847	3,771,085	3,621,179
Public safety	24,843,834	25,873,335	26,459,263	25,692,272	25,681,372
Community development	5,990,947	8,085,618	11,424,004	10,826,979	5,633,982
Culture and recreation	5,953,354	6,151,628	5,870,577	5,561,337	5,577,207
Highways and streets	4,602,434	4,688,134	4,721,343	4,434,810	4,207,740
Health	5,749,284	6,026,191	6,094,492	120,000	120,000
Capital outlay	5,189,775	5,385,481	9,045,208	8,114,199	8,114,199
Debt service:					
Principal retirement	1,753,079	1,677,419	2,229,221	2,284,269	2,020,927
Interest and fiscal charges	2,979,373	2,916,198	2,853,313	2,731,427	1,990,861
Total expenditures	<u>60,605,608</u>	<u>64,389,037</u>	<u>72,331,268</u>	<u>63,536,378</u>	<u>56,967,467</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,040,972</u>	<u>1,016,923</u>	<u>(10,059,857)</u>	<u>(8,073,021)</u>	<u>(4,883,557)</u>
Other financing sources (uses):					
Transfers in	5,801,280	6,501,942	5,344,657	13,451,752	776,146
Transfers out	(6,039,280)	(6,236,942)	(5,066,657)	(13,170,352)	(426,146)
(Loss) on sale of property	-	-	-	-	-
Proceeds from sale of property	1,337	1,345	599,751	6,627	1,842,182
Proceeds from tax increment deferred	2,995,608	3,214,132	3,705,856	3,775,724	-
Proceeds from section 108 loan	-	-	-	-	-
Issue of long term debt	-	-	-	-	-
Total other financing Sources (uses)	<u>2,758,945</u>	<u>3,480,477</u>	<u>4,583,607</u>	<u>4,063,751</u>	<u>2,192,182</u>
Net change in fund balances before Extraordinary Item	<u>\$ 9,799,917</u>	<u>\$ 4,497,400</u>	<u>\$ (5,476,250)</u>	<u>\$ (4,009,270)</u>	<u>\$ (2,691,375)</u>
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,981,516)</u>
Net change in fund balances	<u>\$ 9,799,917</u>	<u>\$ 4,497,400</u>	<u>\$ (5,476,250)</u>	<u>\$ (4,009,270)</u>	<u>\$ (36,672,891)</u>
Debt services as a percentage of noncapital expenditures	8.54%	7.79%	8.03%	9.05%	8.21%

Note: Starting 2010-11, Refuse and Sewer funds were classified as Enterprise Fund.

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2012/13	2013/14	2014/15	2015/16	2016/17
Revenues:					
Taxes	\$ 41,087,434	\$ 38,059,146	\$ 41,748,001	\$ 41,158,303	\$ 41,891,277
Licenses and permits	967,662	848,949	775,135	2,428,895	2,913,671
Intergovernmental revenues	4,693,489	2,035,035	3,072,957	3,203,752	1,851,272
Charges for services	4,981,641	4,922,983	5,521,035	6,110,829	6,721,667
Revenues from use of money & property	822,143	943,369	919,998	1,207,629	694,820
Fines and forfeitures	822,779	931,718	1,043,704	1,295,647	605,957
Other	1,374,275	767,790	1,180,868	1,414,172	1,074,799
Total revenues	<u>54,749,423</u>	<u>48,508,990</u>	<u>54,261,698</u>	<u>56,819,227</u>	<u>55,753,463</u>
Expenditures					
Current:					
General government	4,454,906	3,859,127	4,609,650	5,744,019	5,844,104
Public safety	25,080,613	25,647,992	27,076,488	28,396,653	29,258,673
Community development	7,808,273	2,345,099	3,015,194	2,261,895	2,392,374
Culture and recreation	5,677,937	5,587,721	6,738,804	6,464,589	6,634,294
Highways and streets	4,362,120	5,672,512	4,938,939	5,103,275	4,780,221
Health	119,999	120,000	488,697	-	250,000
Capital outlay	5,928,361	2,957,442	4,855,050	4,594,721	3,415,464
Debt service:					
Principal retirement	1,204,215	1,229,166	1,255,802	1,291,263	1,370,156
Interest and fiscal charges	1,270,840	1,217,331	1,279,276	1,058,676	995,948
Total expenditures	<u>55,907,264</u>	<u>48,636,390</u>	<u>54,257,900</u>	<u>54,915,091</u>	<u>54,941,234</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,157,841)</u>	<u>(127,400)</u>	<u>3,798</u>	<u>1,904,136</u>	<u>812,229</u>
Other financing sources (uses):					
Transfers in	9,466	943,350	1,380,000	2,327,332	2,246,686
Transfers out	(9,466)	(903,905)	(1,380,000)	(2,577,332)	(2,746,686)
(Loss) on sale of property	-	-	-	-	-
Proceeds from sale of property	14,408	16,750	562,114	-	-
Proceeds from tax increment deferred	-	-	-	-	-
Proceeds from section 108 loan	-	-	-	-	-
Issue of long term debt	-	-	1,576,783	-	-
Total other financing Sources (uses)	<u>14,408</u>	<u>56,195</u>	<u>2,138,897</u>	<u>(250,000)</u>	<u>(500,000)</u>
Net change in fund balances before Extraordinary Item	<u>\$ (1,143,433)</u>	<u>\$ (71,205)</u>	<u>\$ 2,142,695</u>	<u>\$ 1,654,136</u>	<u>\$ 312,229</u>
Extraordinary Items	-	-	-	5,638,626	-
Net change in fund balances	<u>\$ (1,143,433)</u>	<u>\$ (71,205)</u>	<u>\$ 2,142,695</u>	<u>\$ 7,292,762</u>	<u>\$ 312,229</u>
Debt services as a percentage of noncapital expenditures	5.13%	5.36%	4.93%	4.59%	4.53%

Note: Starting 2010-11, Refuse and Sewer funds were classified as Enterprise Fund.

Source: City of Monterey Park Management Services Department

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CITY OF MONTEREY PARK
Assessed Value of Taxable Property ⁽¹⁾
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Residential	Commercial	Industrial	Other	Tax-Exempt	Total Taxable	Total
	Property	Property	Property	Property	Property ⁽²⁾	Assessed Value	Direct Tax Rate ^{(3) (4)}
2007/08	3,778,205,339	843,606,146	146,557,103	230,266,047	31,575,891	4,998,634,635	0.37404
2008/09	3,992,520,537	935,272,734	125,418,879	269,631,912	29,710,040	5,322,844,062	0.38473
2009/10	3,987,237,477	954,666,779	138,347,522	316,094,962	29,710,040	5,396,346,740	0.39330
2010/11	4,063,980,933	919,141,515	136,429,404	329,231,172	43,696,766	5,448,783,024	0.39312
2011/12	4,176,308,316	914,084,645	141,375,663	330,098,283	34,278,620	5,561,866,907	0.39069
2012/13	4,392,899,226	1,016,937,428	146,514,412	265,303,532	33,633,996	5,821,654,598	0.40086
2013/14	4,589,336,142	1,037,976,948	156,760,121	268,842,451	33,633,996	6,052,915,662	0.24388
2014/15	4,819,968,671	1,058,583,010	160,416,355	276,605,994	29,479,877	6,315,574,030	0.24412
2015/16	5,057,044,107	1,093,431,570	164,909,195	276,512,462	29,538,778	6,591,897,334	0.24437
2016/17	5,307,806,812	1,140,647,311	173,217,543	312,397,210	28,011,283	6,934,068,876	0.24460

Notes:

- (1) In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.
- (2) Exempt values are not included in total.
- (3) Total direct rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.
- (4) Retirement tax at 0.091170 per \$100 of Assessed Valuation.

Sources: 1. County of Los Angeles Department of Auditor-Controller
2. HDL Coren & Cone

CITY OF MONTEREY PARK
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of taxable value)

Agency	Fiscal Year				
	2007/08	2008/09	2009/10	2010/11	2011/12
Basic Levy ⁽¹⁾	1.00000	1.00000	1.00000	1.00000	1.00000
City Direct Rates:					
Monterey Park	0.09117	0.09117	0.09117	0.09117	0.09117
Overlapping Rates:					
Alhambra Unified School District	0.05460	0.03625	0.05151	0.05996	0.07411
Garvey School District	0.05060	0.04953	0.05378	0.05733	0.05686
Garvey-Alhambra	0.00000	0.01882	0.02458	0.02770	0.02718
Los Angeles Community College District	0.00879	0.02212	0.02311	0.04031	0.03530
Los Angeles Unified School District	0.12334	0.12478	0.15181	0.18695	0.16819
Metropolitan Water District	0.02000	0.01800	0.01800	0.01800	0.01800
Montebello Unified School District	0.06681	0.08063	0.09673	0.09792	0.10001
Monterey Park GO Debt	0.09117	0.09117	0.09117	0.09117	0.09117
Total Direct & Overlapping ⁽²⁾ Tax Rates	<u>1.50648</u>	<u>1.53247</u>	<u>1.60186</u>	<u>1.67051</u>	<u>1.66199</u>
City's Share of 1% Levy Per Prop 13 ⁽³⁾	0.15778	0.15778	0.15778	0.15778	0.15778
General Obligation Debt Rate	0.09117	0.09117	0.09117	0.09117	0.09117
Redevelopment Rate ⁽⁴⁾	1.11118	1.10918	1.10918	1.10918	1.10918
Total Direct Rate ⁽⁵⁾	0.37404	0.38473	0.39330	0.39312	0.39069

Notes:

- (1) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) 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.
- (3) City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figure.
- (4) Redevelopment rate is based on the largest RDA tax rate area and only includes rates(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.
- (5) Total direct rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenue derived from aircraft. Beginning in 2013/14 the total direct rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.
- (6) Because basic and debt rates vary by tax rate area, individual rates cannot be summed.

Source: County of Los Angeles Tax Assessor and HDL Coren & Cone.

CITY OF MONTEREY PARK
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of taxable value)

Agency	Fiscal Year				
	2012/13	2013/14	2014/15	2015/16	2016/17
Basic Levy ⁽¹⁾	1.00000	1.00000	1.00000	1.00000	1.00000
City Direct Rates:					
Monterey Park	0.09117	0.09117	0.09117	0.09117	0.09117
Overlapping Rates:					
Alhambra Unified School District	0.06760	0.06666	0.06595	0.06558	0.06111
Garvey School District	0.06037	0.05978	0.05947	0.05874	0.06067
Garvey-Alhambra	0.02795	0.03154	0.02912	0.02906	0.02806
Los Angeles Community College District	0.04875	0.04454	0.04017	0.03575	0.03596
Los Angeles Unified School District	0.17561	0.14644	0.14688	0.12971	0.13110
Metropolitan Water District	0.01800	0.01800	0.01800	0.01800	0.02300
Montebello Unified School District	0.09630	0.09457	0.08750	0.08715	0.14705
Monterey Park Go Debt	0.09117	0.09117	0.09117	0.09117	0.09117
Total Direct & Overlapping ⁽²⁾ Tax Rates	<u>1.67692</u>	<u>1.64387</u>	<u>1.62943</u>	<u>1.60633</u>	<u>1.66929</u>
City's Share of 1% Levy Per Prop 13 ⁽³⁾	0.15778	0.15778	0.15778	0.15778	0.15778
General Obligation Debt Rate	0.09117	0.09117	0.09117	0.09117	0.09117
Redevelopment Rate ⁽⁴⁾	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Rate ⁽⁵⁾	0.40086	0.24388	0.24412	0.24437	0.24460

Notes:

- (1) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) 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.
- (3) City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figure.
- (4) Redevelopment rate is based on the largest RDA tax rate area and only includes rates(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.
- (5) Total Direct rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenue derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.
- (6) Because basic and debt rates vary by tax rate area, individual rates cannot be summed.

Source: County of Los Angeles Tax Assessor and HDL Coren & Cone.

CITY OF MONTEREY PARK
Principal Property Taxpayers
(Current Year and Nine Years Ago)

<u>Taxpayers</u>	<u>2016/17</u>	
	<u>Taxable Assessed Valuation</u>	<u>Percent of Total City Taxable Assessed Valuation</u>
Atlantic Times Square LLC	\$ 142,251,585	2.05%
Los Angeles Corporate Center LLC	67,927,385	0.98%
Union Bank	63,136,431	0.91%
Garfield Calmed Investment LP	53,218,094	0.77%
BRE California Office Owner LLC	49,000,000	0.71%
GMS Five LLC	38,405,886	0.55%
Emerald Hills LLC	32,874,196	0.47%
Care 1st Health Plan Inc	28,294,620	0.41%
Monterey Park Calmed Invest LP	28,191,263	0.41%
MPM Partners LLC	27,517,755	0.40%
	<u>\$ 530,817,215</u>	<u>7.66%</u>
 Total City Assessed Value	 <u>\$ 6,934,068,876</u>	

Sources: 1. HDL Coren & Cone
2. County of Los Angeles Department of Auditor-Controller

CITY OF MONTEREY PARK
Principal Property Taxpayers
(Current Year and Nine Years Ago)

<u>Taxpayers</u>	<u>2007/08</u>	
	<u>Taxable Assessed Valuation</u>	<u>Percent of Total City Taxable Assessed Valuation</u>
Arden Realty Finance Partnership	\$ 84,306,873	1.69%
Union Bank	51,154,686	1.02%
GMS Five LLC	41,149,724	0.82%
1977 Saturn LLC	33,410,025	0.67%
California Medical Office	32,447,185	0.65%
Emerald Hills LLC	28,842,602	0.58%
Atlantic Shopping Center LP	21,200,000	0.42%
901 Corporation Center	20,800,000	0.42%
Real Estate Investors 1984	19,500,000	0.39%
Tripeak LLC	19,177,010	0.38%
	<u>\$ 351,988,105</u>	<u>7.04%</u>
 Total City Assessed Value	 <u>\$ 4,998,634,635</u>	

Sources: 1. HDL Coren & Cone
2. County of Los Angeles Department of Auditor-Controller

CITY OF MONTEREY PARK
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Original Levy			1% - CY PER BOOK			
	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of Levy			
	1%	D.S.	Amount	1%	D.S.	Amount	Percentage of Levy
2007/08	6,580,143	3,901,574	10,481,717	6,053,576	3,678,652	9,732,228	92.85%
2008/09	6,847,669	4,066,000	10,913,669	6,352,339	3,798,654	10,150,993	93.01%
2009/10	6,852,571	4,071,933	10,924,504	6,414,087	3,812,164	10,226,251	93.61%
2010/11	6,927,221	4,121,586	11,048,807	6,541,366	3,887,804	10,429,170	94.39%
2011/12	7,098,802	4,243,185	11,341,986	6,565,780	4,551,806	11,117,586	98.02%
2012/13	7,286,613	5,305,437	12,592,050 ⁽²⁾	6,986,871	4,290,564	11,277,435	89.56%
2013/14	7,634,155	4,523,042	12,157,197	7,425,568	4,437,271	11,862,839	97.58%
2014/15	8,065,770	4,540,488	12,606,259	7,796,253	4,443,105	12,239,358	97.09%
2015/16	8,455,052	4,956,680	13,411,732	8,163,466	4,837,739	13,001,205	96.94%
2016/17	8,824,332	5,182,017	14,006,349	8,497,606	5,046,043	13,543,649	96.70%

Note: The amounts presented are the City's property tax including secured and unsecured, but excluding interest and penalties.

(1) This percentage may exceed 100% due to information provided by Tax Assessor may not clearly identify the year collected.

(2) Amount included pension override voter approved portion generated from the former redevelopment project areas.

Source: City of Monterey Park Management Services Department
County of Los Angeles Tax Assessor

CITY OF MONTEREY PARK
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	1% - PY PER BOOK			Total Collections to Date			
	Collections in Subsequent Years						Percentage of Levy ⁽¹⁾
	1%	D.S.	Amount	1%	D.S.	Amount	
2007/08	395,621	147,124	542,745	6,449,197	3,825,776	10,274,973	98%
2008/09	476,422	122,714	599,137	6,828,762	3,921,369	10,750,130	99%
2009/10	359,301	109,069	468,370	6,773,388	3,921,233	10,694,621	98%
2010/11	287,500	99,043	386,544	6,828,866	3,986,847	10,815,713	98%
2011/12	72,698	110,634	183,332	6,638,478	4,662,440	11,300,918	100%
2012/13	196,955	50,990	247,945	7,183,826	4,341,554	11,525,380	92%
2013/14	273,471	95,500	368,971	7,699,039	4,532,770	12,231,809	101%
2014/15	143,686	77,728	221,414	7,939,938	4,520,833	12,460,772	99%
2015/16	196,898	120,616	317,514	8,360,364	4,958,355	13,318,719	99%
2016/17	265,175	110,404	375,579	8,762,781	5,156,448	13,919,228	99%

Note: The amounts presented are the City's property tax including secured and unsecured, but excluding interest and penalties.

(1) This percentage may exceed 100% due to information provided by Tax Assessor may not clearly identify the year collected.

(2) Amount included pension override voter approved portion generated from the former project areas.

Source: City of Monterey Park Management Services Department
County of Los Angeles Tax Assessor

CITY OF MONTEREY PARK
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Governmental Activities						Total Governmental Activities
	Pension Obligation Bonds	Tax Allocation Bonds	Tax Increment Deferred Loan	HUD Section 108 Loans	Library Special Tax Revenue Note	Capital Lease Obligation	
2007/08	17,405	30,225	23,915	5,518	3,161	1,856	82,080
2008/09	17,380	29,175	27,129	5,283	2,897	1,528	83,392
2009/10	16,855	28,095	30,835	5,033	2,621	1,430	84,869
2010/11	16,345	26,975	34,611	4,768	2,335	1,326	86,360
2011/12⁽³⁾	15,850	-	-	4,487	2,038	1,219	23,594
2012/13	15,365	-	-	4,189	1,729	1,106	22,389
2013/14	14,890	-	-	3,873	1,409	988	21,160
2014/15	14,425	-	-	3,538	1,077	2,442	21,482
2015/16	13,970	-	-	3,182	731	2,307	20,190
2016/17	13,520	-	-	2,804	373	2,123	18,820

Notes:

- (1) Percentage of Personal Income was based on data from Los Angeles County State of California Employment Department.
- (2) Debt per capita data was based on the number of population within the City of Monterey Park.
- (3) Starting February 1, 2012, Redevelopment Agency was dissolved and the City became the Successor Agency for the former Redevelopment Agency.

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Business-Type Activity	Total Primary Government	⁽¹⁾ Percentage of Personal Income	Population	⁽²⁾ Debt Per Capita
2007/08	5,267	87,347	0.02%	64,434	1,356
2008/09	7,073	90,465	0.02%	64,874	1,394
2009/10	6,651	91,520	0.02%	65,027	1,407
2010/11	6,095	92,455	0.02%	60,435	1,530
2011/12⁽³⁾	5,533	29,127	0.01%	61,153	476
2012/13	4,966	27,355	0.01%	61,445	445
2013/14	4,392	25,552	0.01%	61,777	414
2014/15	12,747	34,229	N/A	62,063	552
2015/16	12,127	32,317	N/A	61,346	527
2016/17	10,567	29,387	N/A	61,606	477

Notes:

- (1) Percentage of Personal Income was based on data from Los Angeles County State of California Employment
- (2) Debt per capita data was based on the number of population within the City of Monterey Park.
- (3) Starting February 1, 2012, Redevelopment Agency was dissolved and the City became the Successor Agency for the former Redevelopment Agency.

Source: City of Monterey Park Management Services Department

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CITY OF MONTEREY PARK
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year	Pension Obligation Bonds ⁽¹⁾	Actual Taxable Value of Property	Percent of Actual Taxable Value of Property ⁽²⁾	Population	Net Bonded Debt Per Capita
2007/08	17,405	4,998,635	0.35%	64,434	270
2008/09	17,380	5,322,844	0.33%	64,874	268
2009/10	16,855	5,396,347	0.31%	65,027	259
2010/11	16,345	5,448,783	0.30%	60,435	270
2011/12 ⁽³⁾	15,850	5,561,867	0.28%	61,153	259
2012/13	15,365	5,821,655	0.26%	61,445	250
2013/14	14,890	6,052,916	0.25%	61,777	241
2014/15	14,425	6,315,574	0.23%	62,063	232
2015/16	13,970	6,591,897	0.21%	61,346	228
2016/17	13,520	6,934,069	0.19%	61,606	219

Note:

- (1) The City has Pension Obligation bonds and does not have any other General Obligation Bonds.
- (2) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.
- (3) Starting February 1, 2012, Redevelopment Agency was dissolved and the City became the Successor Agency for the former Redevelopment Agency.

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Direct and Overlapping Debt
As of June 30, 2017

	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable To City</u>	<u>Net Bonded Debt</u>
Overlapping Debt			
METROPOLITAN WATER DISTRICT ⁽¹⁾	36,281,674	0.032	11,642
GARVEY SD DS 2004 SERIES 2006	13,567,423	29.140	3,953,580
GARVEY SD DS 2004 SERIES C	8,612,964	29.140	2,509,838
GARVEY SD DS 2011 REFUND BONDS	3,960,000	29.140	1,153,954
GARVEY SD DS 2013 REF BONDS	1,725,000	29.140	502,669
GARVEY SD DS 2014 REF BONDS	14,850,000	29.140	4,327,326
LA CCD DS 2003, TAXABLE SERIES 2004B	33,670,000	0.928	312,594
LA CCD DS 2001, 2006 SERIES B	4,880,000	0.928	45,306
LA CCD DS 2001, 2008 SER E-1	14,440,000	0.928	134,062
LA CCD DS 2003, 2008 SER F-1	14,320,000	0.928	132,948
LA CCD DS 2008, 2009 TAXABLE SER B	75,000,000	0.928	696,304
LA CCD DS 2008, 2010 TAX SERIES D	125,000,000	0.928	1,160,506
LA CCD DS 2008, 2010 TAX SER E (BABS)	900,000,000	0.928	8,355,645
LA CCD DS 2013 REF BONDS	254,505,000	0.928	2,362,837
LA CCD DS 2008 SERIES G	224,160,000	0.928	2,081,113
LA CCD DS 2015 REF SERIES A	1,459,300,000	0.928	13,548,215
LA CCD DS 2015 REF SERIES B	37,655,000	0.928	349,591
LA CCD DS 2015 REF SERIES C	289,955,000	0.928	2,691,957
LA CCD DS 2008 SER J	414,995,000	0.928	3,852,835
LOS ANGELES UNIF DS 2002 REF BOND	15,215,000	0.038	5,857
LOS ANGELES UNIF DS 2005 REF BONDS A-1	71,850,000	0.038	27,658
LOS ANGELES UNIF DS 2005 REF BONDS A-2	14,790,000	0.038	5,693
LOS ANGELES UNIF DS 2007 REF BDS SER A-1	4,225,000	0.038	1,626
LOS ANGELES UNIF DS 2007 REF BDS SER A-2	17,510,000	0.038	6,740
LOS ANGELES UNIF DS 2007 REF BDS SER B	32,100,000	0.038	12,357
LOS ANGELES UNIF DS 2002 SERIES E	200,000,000	0.038	76,989
LOS ANGELES UNIF DS 2004 SERIES J	756,510,000	0.038	291,215
LOS ANGELES UNIF DS 2005 SERIES H	608,955,000	0.038	234,430
LAUSD MEASURE R SERIES 2009	75,630,000	0.038	29,113
LAUSD MEASURE R SERIES KRY BABS	363,005,000	0.038	139,737
LAUSD MEASURE Y 2009 SERIES KRY BABS	806,795,000	0.038	310,572
LAUSD MEASURE K 2010 SERIES RY BABS	145,250,000	0.038	55,913
LAUSD MEASURE R 2010 SERIES RY BABS	157,165,000	0.038	60,500
LAUSD MEASURE Y 2010 SERIES RY BABS	130,450,000	0.038	50,216
LAUSD MEASURE R 2010 SERIES RY BABS	477,630,000	0.038	183,861
Sub-Total Overlapping Debt			\$ 49,675,399

2016/17 Assessed Valuation: \$5,644,731,113 After Deducting \$1,289,337.763 Incremental Value.

Debt to Assessed Valuation Ratios:	Direct Debt	0.00%
	Overlapping debt	2.01%
	Total debt	2.01%

Notes:

- (1) This fund is a portion of a larger agency, and is responsible for debt in areas outside the city.
- (2) This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the city.
- (3) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: HDL Coren & Cone

CITY OF MONTEREY PARK
Direct and Overlapping Debt
As of June 30, 2017

	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable To City</u>	<u>Net Bonded Debt</u>
Overlapping Debt (Continued)			
LAUSD MEASURE Y 2010 SERIES RY BABS	772,955,000	0.038	297,545
LAUSD MEASURE Y 2010 SERIES KY	29,100,000	0.038	11,202
LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES A 1	146,935,000	0.038	56,562
LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES A 2	146,930,000	0.038	56,560
LOS ANGELES UNIF DS 2012 REFUNDING BOND SERIES A	139,510,000	0.038	53,704
LOS ANGELES UNIF DS 2014 REF BOND SERIES A	142,415,000	0.038	54,822
LOS ANGELES UNIF DS 2014 REF BOND SERIES B	323,170,000	0.038	124,403
LOS ANGELES UNIF DS 2014 REF BOND SERIES C	934,275,000	0.038	359,645
LOS ANGELES UNIF DS 2014 REF BOND SERIES D	153,385,000	0.038	59,045
LOS ANGELES UNIF DS 2004 SERIES J	12,285,000	0.038	4,729
LOS ANGELES UNIF DS 2004 SERIES K	1,235,000	0.038	475
LOS ANGELES UNIF DS 2005 SERIES K	14,480,000	0.038	5,574
LOS ANGELES UNIF DS 2005 SERIES L	4,410,000	0.038	1,698
LOS ANGELES UNIF DS 2015 REF BOND SERIES A	318,085,000	0.038	122,445
LOS ANGELES UNIF DS 2008 SERIES A 2016	1,217,135,000	0.038	468,530
LOS ANGELES UNIF DS 2016 REF BOND SERIES A	1,581,685,000	0.038	608,862
MONTEBELLO USD DS 1998 SERIES 1998	5,165,072	8.411	434,449
MONTEBELLO USD DS 1998 SERIES 1999	7,421,320	8.411	624,228
MONTEBELLO USD DS 1998 SERIES 2002	13,557,028	8.411	1,140,320
MONTEBELLO USD DS 2004 SERIES 2008	1,540,000	8.411	129,534
MONTEBELLO USD DS 2004 SERIES 2009-1	2,560,000	8.411	215,329
MONTEBELLO USD DS 2004 SERIES 2009A-2 BABS	12,640,000	8.411	1,063,186
MONTEBELLO USD DS 2010 REFUNDING BONDS	5,500,000	8.411	462,620
MONTEBELLO USD DS REF 2004 SERIES 2013A	19,310,000	8.411	1,624,218
MONTEBELLO USD DS REF BOND SERIES 2015	28,215,000	8.411	2,373,243
MONTEBELLO USD DS REF BOND 2016 SERIES A	14,935,000	8.411	1,256,225
MONTEBELLO USD DS 2016 SERIES A	100,000,000	8.411	8,411,282
ALHAMBRA USD DS 1999 SERIES A	7,727,619	33.216	2,566,798
ALHAMBRA USD DS 2005 REFUND BONDS	4,565,000	33.216	1,516,305
ALHAMBRA USD DS 2008 SERIES A SFID	16,429,708	33.216	5,457,274
ALHAMBRA USD-GAVEY DS 2004 SERIES B	22,599,695	33.216	7,506,690
ALHAMBRA USD 2008 SERIES B-1 QSCB	9,230,000	33.216	3,065,827
ALHAMBRA USD-GARVEY DS 2012 REF SERIES A	34,315,000	33.216	11,398,033
ALHAMBRA USD-GARVEY DS 2016 REF SERIES A	13,955,000	33.216	4,635,278
ALHAMBRA USD DS 2016 REF BOND SERIES B	23,310,000	33.216	7,742,624
Sub-Total Overlapping Debt			\$ 63,909,264
Total Overlapping Debt			\$ 113,584,663
Direct Debt:			
Pension Obligation Bonds	13,520,000	100%	13,520,000
HUD Section 108 Loan	2,804,000	100%	2,804,000
Library Special Tax Revenue Note	372,516	100%	372,516
Capital Lease Obligation	12,689,955	100%	12,689,955
Total Direct Debt			29,386,471
Total Direct and Overlapping Debt			\$ 142,971,134

Source: HDL Coren & Cone

CITY OF MONTEREY PARK
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year				
	2007/08	2008/09	2009/10	2010/11	2011/12
Assessed valuation	4,998,635	5,322,844	5,396,347	5,448,783	5,561,867
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	749,795	798,427	809,452	817,317	834,280
Total net debt applicable to limit: Pension obligation bonds	<u>17,405</u>	<u>17,380</u>	<u>16,855</u>	<u>16,345</u>	<u>15,850</u>
Legal debt margin	<u>\$ 732,390</u>	<u>\$ 781,047</u>	<u>\$ 792,597</u>	<u>\$ 800,972</u>	<u>\$ 818,430</u>
Total debt applicable to the limit as a percentage of debt limit	2.32%	2.18%	2.08%	2.00%	1.90%

Note: In accordance with California Government Code Section 43605, total general outstanding cannot exceed 15 percent of total assessed valuation.

Sources: 1. City of Monterey Park Management Services Department
2. County of Los Angeles Department of Auditor-Controller

CITY OF MONTEREY PARK
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year				
	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
Assessed valuation	5,821,655	6,052,916	6,315,574	6,591,897	6,934,068
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	873,248	907,937	947,336	988,785	1,040,110
Total net debt applicable to limit: Pension obligation bonds	<u>15,365</u>	<u>14,890</u>	<u>14,425</u>	<u>13,970</u>	<u>13,520</u>
Legal debt margin	<u>\$ 857,883</u>	<u>\$ 893,047</u>	<u>\$ 932,911</u>	<u>\$ 974,815</u>	<u>\$ 1,026,590</u>
Total debt applicable to the limit as a percentage of debt limit	1.76%	1.64%	1.52%	1.41%	1.30%

Note: In accordance with California Government Code Section 43605, total general obligation bonds outstanding cannot exceed 15 percent of total assessed valuation.

Sources: 1. City of Monterey Park Management Services Department
2. County of Los Angeles Department of Auditor-Controller

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CITY OF MONTEREY PARK
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2007/08	64,434	413,316,582	42,265	4.7%
2008/09	64,874	402,459,119	40,867	8.5%
2009/10	65,027	410,674,615	41,791	9.4%
2010/11	60,435	420,913,463	42,564	9.3%
2011/12	61,153	443,088,010	44,474	9.0%
2012/13	61,445	466,098,988	46,530	7.0%
2013/14	61,777	499,767,889	49,400	6.5%
2014/15	62,063	544,324,900	53,521	5.2%
2015/16	61,346	N/A	N/A	5.2%
2016/17	61,606	N/A	N/A	4.3%

Note: Personal income and Per capita personal income are the data shown for Los Angeles County from Bureau of Economic Analysis.

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- Sources:
1. Bureau of Economic Analysis
 2. State of California Employment Development Department (data shown is for the county)
 3. State of California, Department of Finance

CITY OF MONTEREY PARK
Principal Employers
(Current Year and Nine Years Ago)

Employers	2016/17	
	Number of Employees	Percent of Total Employment
Garfield Medical Center	976	0.020%
Syner Med Inc	476	0.010%
Southern California Gas Company	387	0.008%
Capital Seafood Restaurant	384	0.008%
Monterey Park Hospital	320	0.007%
Care 1st Health Plan (4 locations)	311	0.004%
Remitco LLC	187	0.004%
Ralphs Grocery (2 locations)	171	0.003%
24 Hour Fitness #867	143	0.003%
Chinese Daily News	142	0.002%
California Psychcare Inc	103	0.002%
Aecom Technical Services Inc	102	0.002%
Camino Real Chevrolet	100	0.002%
Monterey Park Convalescent	92	0.002%
Southern California Edison	90	0.000%

Note: "Total Employment" used above represents the total employment of Los Angeles County.

Sources: 1. City of Monterey Park Management Services Department
2. State of California Employment Development Department

CITY OF MONTEREY PARK
Principal Employers
(Current Year and Nine Years Ago)

Employers	2007/08	
	Number of Employees	Percent of Total Employment
East Los Angeles Community College	1,969	0.043%
Union Bank Processing Center	1,800	0.040%
Garfield Medical Center	952	0.021%
Los Angeles County Sheriff's Department	791	0.017%
L.A. County Children's Court	736	0.016%
United California Bank Processing Center	700	0.015%
Monterey Park Hospital	362	0.008%
Care 1st Health Plan	299	0.007%
Pacific Bell	265	0.006%
Southern California Gas Company	259	0.006%
Ralph's Grocery Store (2 Locations)	173	0.004%
Remitco LLC	170	0.004%
Chinese Daily News	167	0.004%
CVS Pharmacies (2 Locations)	136	0.003%
California Highway Patrol	131	0.003%

Note: "Total Employment" used above represents the total employment of Los Angeles County.

Sources: 1. City of Monterey Park Management Services Department
2. State of California Employment Development Department

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CITY OF MONTEREY PARK
City Employees by Function
Last Ten Fiscal Years

<u>Function</u>	Fiscal Year									
	<u>07-08</u>	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>
General Government	38	37	32	35	32	32	32	31	32	33
Public Safety										
Police	132	131	123	113	113	114	114	114	116	119
Fire	64	64	62	59	58	58	58	58	58	59
Public Works	63	62	59	70	70	70	70	71	71	71
Culture and Recreation										
Library	31	31	25	24	24	25	25	26	26	26
Recreation/Community Services	59	54	49	36	36	36	36	37	37	37
Community/Economic Development	28	27	24	15	12	13	13	14	14	15
Total	<u>415</u>	<u>406</u>	<u>374</u>	<u>352</u>	<u>345</u>	<u>348</u>	<u>347</u>	<u>350</u>	<u>352</u>	<u>359</u>

Note: Numbers represent Full-Time-Equivalent positions.

Source: City of Monterey Park Annual Budget

CITY OF MONTEREY PARK
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
	2007/08	2008/09	2009/10	2010/11	2011/12
Police:					
Number of service calls	54,696	54,925	53,863	54,363	54,128
Response time priority I (emergency) (minutes/seconds)	4:17	4:25	4:00	4:03	4:10
Fire:					
Number of emergency calls	4,163	4,094	4,378	3,757	4,103
Inspections	2,747	3,372	3,438	3,438	2,570
Public works:					
Street resurfacing (miles)	2.38	-	7.66	0.47	2.05
Parks and recreation:					
Hours of recreation classes	770	770	700	770	770
Number of facility rentals	235	241	141	141	177
Water:					
Meters changed and upgrades	712	518	513	564	1,149
Water turn-ons and turn-offs	2,905	2,939	2,521	2,079	2,436
Average daily consumption (thousand of gallons)	11,000	11,000	11,000	8,000	8,000

Sources: 1. City of Monterey Park Anr
2. City of Monterey Park Management Services Department
3. City of Monterey Park Engineering Division

CITY OF MONTEREY PARK
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
	2012/13	2013/14	2014/15	2015/16	2016/17
Police:					
Number of service calls	51,130	51,735	54,568	54,183	52,290
Response time priority I (emergency) (minutes/seconds)	3:55	4:28	3:56	4:49	4:03
Fire:					
Number of emergency calls	4,565	4,538	4,605	4,985	5,117
Inspections	2,385	2,955	2,424	5,139	2,970
Public works:					
Street resurfacing (miles)	14.68	0.48	0.16	2.12	2.71
Parks and recreation:					
Hours of recreation classes	540	640	640	650	720
Number of facility rentals	145	167	165	175	289
Water:					
Meters changed and upgrades	739	329	10,994	98	102
Water turn-ons and turn-offs	2,856	2,412	2,412	2,682	1,824
Average daily consumption (thousand of gallons)	8,000	8,000	8,000	8,000	8,000

Sources: 1. City of Monterey Park Annual Budget
2. City of Monterey Park Management Services Department
3. City of Monterey Park Engineering Division

CITY OF MONTEREY PARK
Capital Assets Statistics by Function
Last Ten Fiscal Years

	Fiscal Year				
	2007/08	2008/09	2009/10	2010/11	2011/12
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	3	3	3	3	3
Public works:					
Streets (miles)	119	119	119	119	119
Streetlights	3,359	3,359	3,359	3,359	3,359
Traffic signals	75	75	75	75	75
Parks and recreation:					
Parks	14	14	14	14	14
Community centers					
Water:					
Water mains (miles)	134	134	134	134	134
Maximum Actual Daily Pumped (thousands of gallons)	13,540	12,140	11,733	11,140	11,340
Wastewater:					
Sanitary sewers (miles)	126	126	126	126	126
Storm sewers (miles)	12.43	12.43	12.43	12.43	12.43

Sources: 1. City of Monterey Park Annual Budget
2. City of Monterey Park Water Division

CITY OF MONTEREY PARK
Capital Assets Statistics by Function
Last Ten Fiscal Years

	Fiscal Year				
	2012/13	2013/14	2014/15	2015/16	2016/17
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	3	3	3	3	3
Public works:					
Streets (miles)	119	119	119	119	119
Streetlights	3,359	3,359	3,359	3,359	3,359
Traffic signals	75	75	75	75	75
Parks and recreation:					
Parks	14	14	14	14	14
Community centers					
Water:					
Water mains (miles)	134	134	134	134	134
Maximum Actual Daily Pumped (thousands of gallons)	12,810	11,510	9,680	7,200	6,800
Wastewater:					
Sanitary sewers (miles)	126	126	126	126	126
Storm sewers (miles)	12.43	12.43	12.43	12.43	12.43

Sources: 1. City of Monterey Park Annual Budget
2. City of Monterey Park Water Division

CITY OF MONTEREY PARK
Water Sold by Type of Customer
Last Ten Fiscal Years
(in millions of gallons)

	Fiscal Year				
	2007/08	2008/09	2009/10	2010/11	2011/12
Type of Customers:					
Residential	2,482.5	2,814.1	2,693.5	2,718.3	2,570.3
Commercial	874.0	924.6	925.8	935.0	861.8
Institutional	76.7	132.3	127.8	130.0	175.0
Government	62.0	87.6	90.1	89.1	90.0
Total	3,495.2	3,958.6	3,837.2	3,872.4	3,697.1

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Water Sold by Type of Customer
Last Ten Fiscal Years
(in millions of gallons)

	Fiscal Year				
	2012/13	2013/14	2014/15	2015/16	2016/17
Type of Customers:					
Residential	2,825.1	2,824.1	2,431.1	2,504.0	2,151.5
Commercial	893.6	893.8	896.6	914.5	835.8
Institutional	163.0	160.0	159.1	163.9	161.1
Government	<u>88.0</u>	<u>82.0</u>	<u>80.0</u>	<u>81.6</u>	<u>80.3</u>
 Total	 <u><u>3,969.7</u></u>	 <u><u>3,959.9</u></u>	 <u><u>3,566.8</u></u>	 <u><u>3,664.0</u></u>	 <u><u>3,228.7</u></u>

Source: City of Monterey Park Management Services Department

CITY OF MONTEREYPARK

**Water Rates
Last Ten Fiscal Years**

Fiscal Year	Monthly Base Rate	Rate per 1,000 Gallons
2007/08	12.11	2.11
2008/09	12.72	2.22
2009/10	12.63	2.21
2010/11	12.63	2.21
2011/12	12.63	2.21
2012/13	12.63	2.21
2013/14	12.63	2.21
2014/15	14.50	2.39
2015/16	15.95	2.49
2016/17	17.55	2.89

Note: Rates are based on 5/8" meter and 3/4 meters (the City is standardizing to 3/4 which is the standard household meter size).

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Top Ten Water Customers
(Current Year and Four Years Ago)

Water Customer	2016/17		2012/13	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
Atlantic Times Square #740	\$ 89,014	0.90%	\$ 53,393	0.71%
Aespace America Inc.	63,884	0.65%	57,261	0.77%
Atlantic Times Square #750	57,167	0.58%	11,580	0.15%
M P Golf Course	52,221	0.53%	40,526	0.54%
New Cure Inc.	45,349	0.46%	8,988	0.12%
Garfield Medical Ctr	40,941	0.41%	43,675	0.58%
Lincoln Best Hotel Inc.	39,501	0.40%	27,375	0.37%
Garfield Estates	29,819	0.30%	53,430	0.71%
Monterey Park Hospital	26,293	0.27%	20,493	0.27%
Union Bank of CA #240	25,773	0.26%	28,838	0.39%
	\$ 469,961	4.75%	\$ 345,558	4.62%

Source: City of Monterey Park Management Services Department

