

# MONTEREY PARK

*California*



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

# City Council



**Mayor**  
**Stephen Lam**



**Mayor Pro Tem**  
**Peter Chan**



**Council Member**  
**Hans Liang**



**Council Member**  
**Mitchell Ing**



**Council Member**  
**Teresa Real Sebastian**

**Joseph Leon – City Treasurer**  
**Vincent D. Chang – City Clerk**

## **Executive Team**

Ron Bow.....*City Manager*  
Hensley Law Group.....*City Attorney*  
Jim Smith.....*Police Chief*  
Scott Haberle.....*Fire Chief*  
Michael Huntley.....*Director of Community & Economic Development*  
Annie Yaung.....*Director of Management Services*  
Tom Cody.....*Director of Human Resources/Risk Management*  
Mark McAvoy..... *Director of Public Works*  
Inez Alvarez..... *Director of Recreation/Community Services*  
Norma Arvizu.....*City Librarian*



City of Monterey Park, California

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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

Year ended June 30, 2018

**Prepared by the Management Services Department**

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



***Introductory Section***

**CITY OF MONTEREY PARK**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2018**

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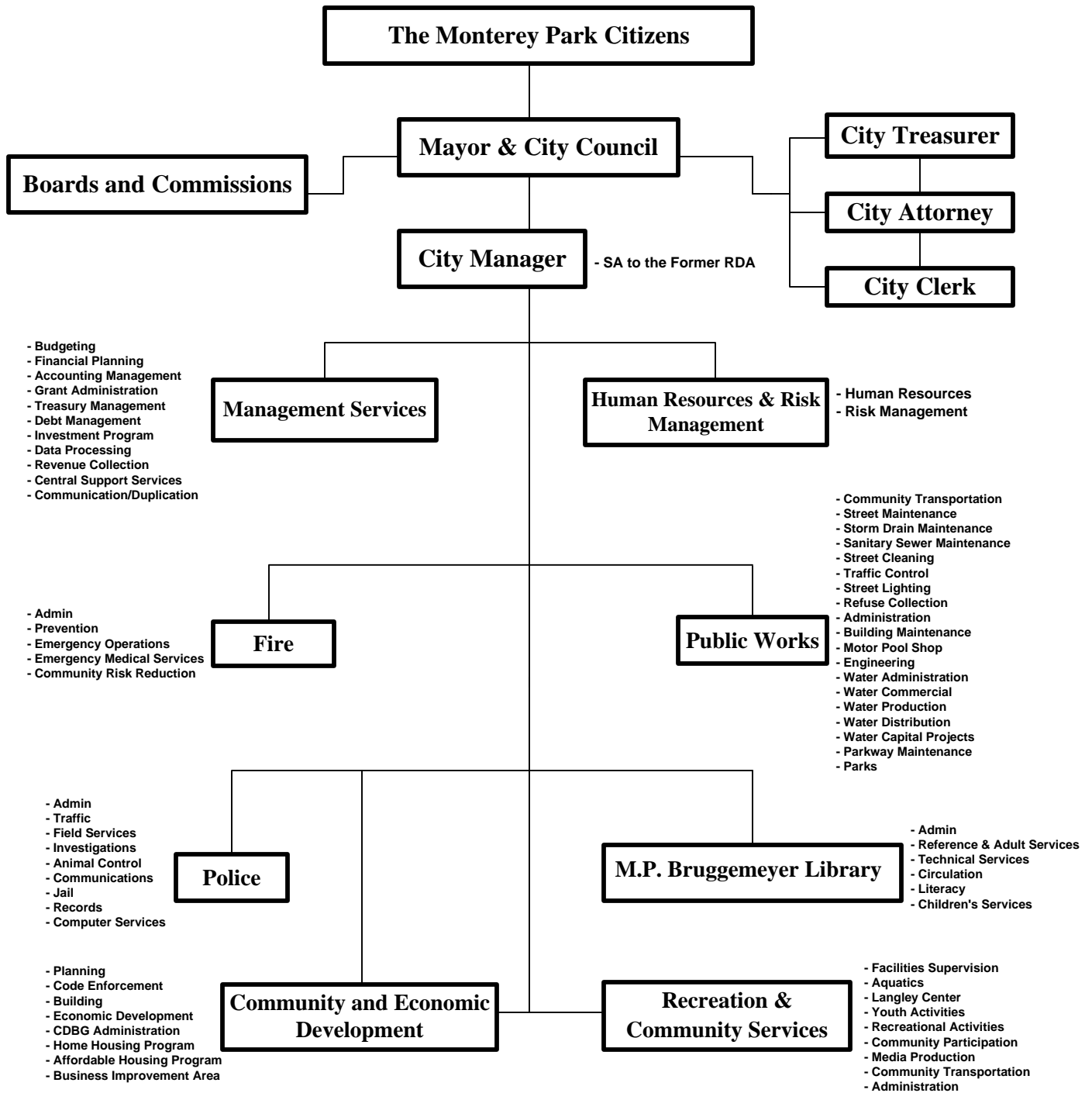
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# City of Monterey Park Organization Chart



*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



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**City Council**

Peter Chan  
Mitchell Ing  
Stephen Lam  
Hans Liang  
Teresa Real Sebastian

**City Clerk**

Vincent D. Chang

**City Treasurer**

Joseph Leon

November 30, 2018

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, 2018.

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, 2018, 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 2017-18 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 63,000. Monterey Park is primarily a residential community, with 78% of its land zoned for single and multiple family housing. In 2017-18, 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 \$690,000, a seven percent increase from the previous year. Because of its desirable location, house values in Monterey Park are expected to remain strong.

In 2017-18, the City's financial prospects were moving forward. The Monterey Park Market Place has begun its opening to the public: Costco opened in May and Home Depot in June, 2018. Chick-fil-A and Guitar Center have their opening in November. Other Phase I tenants include In-N-Out, Starbucks, Buffalo Wild Wings, Ono Hawaiian BBQ and Panda Express, which the developer anticipates their openings in 2019.

There was also interest by the Hotel Industry in establishing several new hotels in the North Atlantic Area to meet the growing demands of the tourist industry in the greater San Gabriel Valley area. Currently, the construction of the Courtyard by Marriott is significantly underway. It is anticipated that the hotel will be opening by the Summer of 2019. 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.

## **Financial Overview and Policies**

For 2017-18, the City continued the reporting requirement per Governmental Accounting Standards Board (GASB) Statement No. 68 and 71, for pension liabilities. The City also implemented the GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for other postemployment benefits liabilities on the face of the *Statement of Net Position*. Excluding all postemployment benefits (pensions and OPEB) liabilities, the City's end of year financial condition for 2017-18 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 2018-19 Adopted Budget includes a conservative fiscal spending plan and reflects \$9.6 million for infrastructure and capital improvements, specifically water, sewer, street projects and fire ladder truck/engines replacement. 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 2017-18, which displayed significant financial impacts, included:

- Invested \$7.3 million in infrastructure and capital improvement projects, including \$2.5 million for the 2<sup>nd</sup> phase of the new Fire Station 62 construction funding, Council Chambers renovation, City Yard renovation, Accela building permit process automation, Shop dual post vehicle/equipment hoist, traffic signal upgrades; sewer video inspection program; and various street rehabilitations;
- Constructed the Centralized Groundwater Treatment System, using Proposition 84 grant funding of \$4.1 million and City's treatment funds of \$4.6 million. The project will be completed and start its operation by the Spring of 2019;
- Implemented the 4<sup>th</sup> year water and sewer rate adjustments to cover operational and capital improvement costs;
- 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 pension and other postemployment benefits (OPEB) liabilities on the face of the financial statements;

- Continued implementing solutions to reduce unfunded pension and other post-employment benefit (OPEB) liabilities, including (1) annual lump sum prepayment practice; (2) annual additional unfunded liability paydown; and (3) annual OPEB liability pre-funding practice;
- Implemented new contracts with three miscellaneous 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 2017-18 appropriations limit was \$87.9 million and the City's actual appropriation subject to the limit was 56% 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, police 911 computer system, water treatment plants, and citywide smart meters/energy retrofit project. In 2017-2018, the Library Special Tax Revenue Note Series 2005, issued for the library expansion project, was completely paid off. There was no additional debt financing occurred in 2017-2018.

### **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, 2018, the City's investment balances, including amounts held by fiscal agent, were \$91.8 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, 2017. This was the 29<sup>th</sup> 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 2017-18 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 2018-19 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,



Ron 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, 2017**

*Christopher P. Morill*

Executive Director



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, 2017**

*Christopher P. Morill*

Executive Director/CEO

*California Society of  
Municipal Finance Officers*

*Certificate of Award*

*Operating Budget Excellence Award  
Fiscal Year 2017-2018*

*Presented to the  
City of Monterey Park*

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

**February 7, 2018**



*Drew Corbett*

**Drew Corbett  
CSMFO President**

*Craig Boyer*

**Craig Boyer, Chair  
Professional Standards and  
Recognition Committee**

***Dedicated Excellence in Municipal Financial Reporting***

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*Financial Section*

## 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these 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.

## **Emphasis of Matter**

As discussed in Notes 10, 11 and 16 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required retrospective application resulting in a reduction of previously reported net position. Our opinions are not modified with respect to this matter.

## **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 contributions - CalPERS and MMRP pension plans, the schedule of changes in OPEB liability and related ratios and schedule of contributions - OPEB plan, and the 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.

**Other Matters (Continued)**

*Other Information (Continued)*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, 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, 2018

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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, 2018, 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 20 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 16 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 2017-18 net position decreased by \$13.0 million from 2016-17, which comprises of \$16.8 million decrease for governmental activities and \$3.7 million increase for business-type activities. The \$16.8 million decrease for governmental services was primarily attributed to implementing the other post-employment benefits (OPEB) GASB standards and reflecting a net OPEB obligation. The \$3.7 million increase for business-type activities was primarily due to lower operational expenses for water and refuse funds.
- As of June 30, 2018, the City's assets exceeded liabilities by \$39.8 million, of which \$84.2 million was related to net investment in capital assets, \$22.1 million was restricted for special revenues, and (\$66.5) million was unrestricted.
- For 2017-18, the City Council approved additional capital improvement and operating expenditures of \$4.5 million at the Midyear Budget Review, including additional funds for the City Hall enhancement and fire station 62 construction, GF supplemental to Workers' Compensation Fund, finance system software/hardware upgrades, sewer camera truck and police motorcycle, and pension unfunded liability paydown. The \$4.5 million was shared among various funds, of which \$3.7 million was from the General Fund.

- At the 2017-18 year-end, the General Fund total fund balance was \$30.0 million, a decrease of \$241,000 from last year. This minor decrease was mainly attributed to Midyear Council approved \$500,000 General Fund unassigned fund for pension unfunded liability paydown. Total unassigned General Fund balance was \$4.0 million at June 30, 2018.
- The City's library parcel tax (Measure C) ended in 2017-18 and the library construction note was paid off in April 2018.
- The City continued the fourth-year water and sewer rates adjustments and the new rates were effective on September 1, 2017. 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.
- The City approved 2-year contracts for all miscellaneous labor units to ensure the public services be delivered as optimally as possible.
- 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, 2018, the City's combined net position (governmental and business-type activities) totaled \$39.8 million, down \$13.0 million from last year. Total liabilities, including net pension and other post-employment benefits liabilities, were \$185.9 million as of June 30, 2018.

Net position consists of three categories: net investment in capital assets, restricted, and unrestricted. The largest portion of the City's net position, approximately \$84.2 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 \$22.1 million at June 30, 2018. 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, 2018, the City's total unrestricted net position was a negative (\$66.5) million.

**Statement of Net Position**  
**Fiscal Years Ended June 30, 2018 and June 30, 2017**  
(In thousands)

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
<b>Assets:</b>						
<b>Current</b>	\$ 72,093	\$ 68,734	\$ 30,592	\$ 31,937	\$ 102,685	\$ 100,671
<b>Non Current</b>						
<b>Capital Assets</b>	53,866	51,741	42,050	38,167	95,916	\$ 89,908
<b>Other Assets</b>	3,532	3,519			3,532	\$ 3,519
<b>Total Assets:</b>	<u>\$ 129,491</u>	<u>\$ 123,994</u>	<u>\$ 72,642</u>	<u>\$ 70,104</u>	<u>\$ 202,133</u>	<u>\$ 194,098</u>
<b>Deferred Outflow of Resources</b>	<u>\$ 24,776</u>	<u>\$ 18,279</u>	<u>\$ 1,635</u>	<u>\$ 1,416</u>	<u>\$ 26,411</u>	<u>\$ 19,695</u>
<b>Liabilities:</b>						
<b>Current</b>	\$ 9,327	\$ 4,185	\$ 4,054	\$ 3,896	\$ 13,381	\$ 8,081
<b>Long-Term</b>	152,807	129,183	19,688	20,848	172,495	150,031
<b>Total liabilities:</b>	<u>\$ 162,134</u>	<u>\$ 133,368</u>	<u>\$ 23,742</u>	<u>\$ 24,744</u>	<u>\$ 185,876</u>	<u>\$ 158,112</u>
<b>Deferred inflow of Resources</b>	<u>\$ 2,712</u>	<u>\$ 2,713</u>	<u>\$ 128</u>	<u>\$ 114</u>	<u>\$ 2,840</u>	<u>\$ 2,827</u>
<b>Net Position:</b>						
<b>Net Investment in</b>						
<b>Capital Assets</b>	\$ 51,940	\$ 49,245	\$ 32,225	\$ 27,583	\$ 84,165	\$ 76,828
<b>Restricted</b>	22,191	20,689	-	-	22,191	20,689
<b>Unrestricted</b>	<u>(84,710)</u>	<u>(63,742)</u>	<u>18,182</u>	<u>19,079</u>	<u>(66,528)</u>	<u>(44,663)</u>
<b>Total Net Position</b>	<u>\$ (10,579)</u>	<u>\$ 6,192</u>	<u>\$ 50,407</u>	<u>\$ 46,662</u>	<u>\$ 39,828</u>	<u>\$ 52,854</u>

**Governmental Activities Financial Analysis**

Overall governmental activities decreased the City's net position by \$16.8 million. The net position decrease was primarily due to reflecting a net other post-employment benefits (OPEB) obligation per GASB requirement.

*Statement of Activities*  
*For the Years Ended June 30, 2018 and June 30, 2017*  
(In thousands)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
<b>Revenues:</b>						
<b><u>Program Revenues:</u></b>						
<i>Charges for Services</i>	\$ 12,234	\$ 10,558	\$ 24,138	\$ 23,408	\$ 36,372	\$ 33,966
<i>Operating Grants &amp; Contributions</i>	8,282	6,928			8,282	6,928
<i>Capital Grants &amp; Contributions</i>	160	1,135	2,342	1,917	2,502	3,052
<b><u>General Revenues:</u></b>						
<i>Taxes</i>	36,508	36,628			36,508	36,628
<i>Revenues from Use of Money and Property</i>	1,689	701			1,689	701
<i>Other</i>	1,737	1,030	1,053	1,239	2,790	2,269
<i>Gain on Sale of Capital Assets</i>						-
<b>Total Revenues:</b>	<u>\$ 60,610</u>	<u>\$ 56,980</u>	<u>\$ 27,533</u>	<u>\$ 26,564</u>	<u>\$ 88,143</u>	<u>\$ 83,544</u>
<b>Expenses:</b>						
<i>General Government</i>	13,277	4,936			13,277	4,936
<i>Public Safety</i>	35,443	30,528			35,443	30,528
<i>Comm. Development</i>	2,537	2,368			2,537	2,368
<i>Culture &amp; Recreation</i>	8,038	7,383			8,038	7,383
<i>Highway &amp; Streets</i>	5,856	5,555			5,856	5,555
<i>Health</i>	160	250			160	250
<i>Debt Services</i>	940	994			940	994
<i>Water/Refuse/Sewer</i>			20,463	22,179	20,463	22,179
<b>Total Expenses:</b>	<u>66,251</u>	<u>52,014</u>	<u>20,463</u>	<u>22,179</u>	<u>\$ 86,714</u>	<u>74,193</u>
<b>Increase in Net Position</b>						
<i>Before Extraordinary item</i>	(5,641)	4,966	7,070	4,385	1,429	9,351
<i>Extraordinary item</i>						
<b>Changes in Net Position</b>	<u>(5,641)</u>	<u>4,966</u>	<u>7,070</u>	<u>4,385</u>	<u>1,429</u>	<u>9,351</u>
<i>Net Position – July 1 (as restated)</i>	(4,938)	1,226	43,337	42,277	38,399	43,503
<b>Net Position – June 30</b>	<u>\$ (10,579)</u>	<u>\$ 6,192</u>	<u>\$ 50,407</u>	<u>\$ 46,662</u>	<u>\$ 39,828</u>	<u>\$ 52,854</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, 2018, the City's governmental funds reported a combined ending fund balance of \$52.5 million, an increase of \$1.8 million from the prior year. The fund balance categories of governmental fund displayed \$74,939 as nonspendable, \$22.1 million as restricted, \$11.3 million as committed, \$15.1 million as assigned, and \$4.0 million as unassigned. This unassigned amount was solely comprised of a \$4.0 million from the General Fund. *(Please refer to Note 14 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 2017-18 totaled \$41.1 million, an increase of \$0.6 million over 2016-17. The increase was mainly due to revenues generated from better investment income. As of June 30, 2018, the total fund balance of the General Fund was \$30.0 million, down \$241,000 from last year due to Midyear unfunded liabilities paydown.

**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 2017-18 were \$3.0 million, up \$1.1 million from last year. Total 2017-18 grant funded expenditures and transfers were \$2.5 million, reflecting a decrease of \$580,000 from 2016-17. Total fund balance of the Special Revenue Grants Fund as of June 30, 2018 was \$1.0 million.

**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 2017-18 were \$9.1 million. Total expenditures for 2017-18 were \$9.3 million, up \$0.6 million from 2016-17. 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, 2018 was \$9.0 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 2017-18 were \$18,000 and total expenditures were \$33,000. The expenditures reflected costs for housing monitoring services. As of June 30, 2018, the fund balance of the Special Revenue Housing Fund was \$2.4 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 2017-18 were \$9.9 million, up \$3.0 million from 2016-17. Total expenditures and transfer-out for 2017-18 were \$8.2 million, increased \$1.0 million over 2016-17. As of June 30, 2018, the fund balance of the Nonmajor Governmental Funds totaled \$10.1 million, up \$1.7 million from 2016-17.

## 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 2017-18 water revenues, excluding water grants, were \$15.3 million, up \$0.6 million from 2016-17. The increase in water revenues was primarily due to water rate adjustments made in September 2017. Water expenses were \$11.2 million, down \$1.0 million from 2016-17. The decrease was primarily due to lower administration charges in 2017-18. Net position for the Water Fund displayed \$46.5 million, increased of \$4.1 million due mainly to water rate adjustments and lower overall water expenses.

Refuse Fund revenues were \$6.8 million, down \$0.3 million from last year. The decrease was due to lower service charges to customers. Operating expenditures were \$6.3 million, down \$0.8 million from last year. Net position for the Refuse Fund displayed \$578,000, an increase of \$153,000.

Sewer Fund revenues were \$3.2 million, up \$0.4 million from last year. The increase was due to sewer rate adjustments made in September 2017. Operating expenditures were \$2.1 million, including Midyear Council approved additional spending for a sewer truck and unfunded pension liability paydown. Net position for the Sewer Fund changed to \$6.7 million, an increase of \$0.4 million.

## **General Fund Budgetary Highlights**

The originally adopted General Fund budget for this fiscal year was \$40.7 million, including a \$2.1 million General Fund supplement for the pension costs. The final amended budget of \$44.2 million reflected the Midyear Council approved amendments and re-budgeted capital improvement carryovers from 2016-17.

## **Capital Asset Administration**

The City's capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2018, totaled \$95.9 million, an increase of \$6.0 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, 2018 and June 30, 2017**  
(In thousands)

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
<i>Land</i>	\$ 8,465	\$ 8,465	\$ 500	\$ 500	\$ 8,965	\$ 8,965
<i>Buildings</i>	16,635	17,250	153	158	16,788	17,408
<i>Improvements</i>	12,687	11,730	31,002	32,109	43,689	43,839
<i>Construction in Progress</i>	3,208	2,317	7,704	3,451	10,912	5,768
<i>Equipment</i>	1,940	1,762	733	615	2,673	2,377
<i>Infrastructure</i>	10,931	10,217	1,958	1,334	12,889	11,551
	<u>\$ 53,866</u>	<u>\$ 51,741</u>	<u>\$ 42,050</u>	<u>\$ 38,167</u>	<u>\$ 95,916</u>	<u>\$ 89,908</u>

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

- Continued IT software and hardware upgrades to be ready for the new Enterprise Resources Planning (ERP) System implementation
- Continued Accela building permit automation project
- Completed North Atlantic traffic signal upgrades
- Continued Fire Station 62 replacement project
- Completed slurry seal and various street rehabilitations
- Continued water well, water main, and pumping station upgrades per Water Master Plan
- Continued construction of the \$8 million Centralized Groundwater Treatment System

### **Debt Administration**

As of June 30, 2018, the City's long-term debt totaled \$177.3 million, an increase of \$10.1 million from the prior year. This is resulting primarily from \$9 million increase in net pension liability, and \$3 million increase in claims and judgment. *(Please refer to Note Number 7 and 10 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 \$1.09 billion.

*Outstanding Debt*  
*Fiscal Years ended June 30, 2018 and June 30, 2017*  
*(In thousands)*

	<i>Government Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>6/30/2018</i>	<i>6/30/2017</i>	<i>6/30/2018</i>	<i>6/30/2017</i>	<i>6/30/2018</i>	<i>6/30/2017</i>
<i>Capital Leases</i>	\$ 1,926	\$ 2,123	\$ 9,809	\$ 10,567	\$ 11,735	\$ 12,690
<i>Pension Obligation Bonds</i>	13,075	13,520	-	-	13,075	13,520
<i>Compensated Absences</i>	4,986	4,475	671	758	5,657	5,233
<i>Section 108 Loan</i>	2,403	2,804	-	-	2,403	2,804
<i>Library Special Tax</i>						-
<i>Revenue Note</i>	-	373	-	-	-	373
<i>Claims and Judgments</i>	13,282	10,264	-	-	13,282	10,264
<i>Insurance Assessments</i>						
<i>Payable</i>	1,472	1,635	-	-	1,472	1,635
<i>Net Pension Liabilities</i>	94,302	82,011	5,308	8,545	99,610	90,556
<i>Other Post Employment</i>						-
<i>Benefits (OPEB)</i>	25,373	25,387	4,725	4,727	30,098	30,114
	<u>\$ 156,819</u>	<u>\$ 142,592</u>	<u>\$ 20,513</u>	<u>\$ 24,597</u>	<u>\$ 177,332</u>	<u>\$ 167,189</u>

**Economic Factors and Next Year's Budgets**

- The City's total assessed valuation is \$7.5 billion, up 3.5% or \$346 million from 2017-18.
- The fiscal year 2018-19 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 five safety units and any contract adjustments for additional salary and benefits will be amended to the budget.
- The City continues with the Fire Station 62 replacement project. The new facility will meet current laws, regulations and NFPA standards.
- The City will replace its Fire Ladder truck and two fire engines, totaling \$2.6 million, through a lease-purchase financing arrangement.
- The Centralized Groundwater Treatment System for the Delta Plant will start its operation by Spring of 2019.
- 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 Summer of 2019. This hotel will increase additional transient occupancy tax, property tax, and sales tax revenues for the City.

- The Monterey Park Market Place Shopping Center is located directly off and visible from the SR-60 freeway. After Costco and Home Depot opened in June 2018, the Shopping Center in the southeastern portion of the City will continue its Phase I store opening, including Chick-fil-A, Guitar Center, In-N-Out, Starbucks, Buffalo Wild Wings, Ono Hawaiian BBQ and Panda Express. This regional power center will increase property and sales tax revenues for the City.
- 2018-19 is the fifth year with the new water and sewer adjustments. Additional revenues generated from the rate increases are to support operations and infrastructure/capital improvements.
- The water, sewer, and trash rates study will be completed and new rates will be presented to the Council for approval.

### **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**



*Basic Financial  
Statements*

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***Government-Wide  
Financial Statements***

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF MONTEREY PARK**  
**Statement of Net Position**  
**June 30, 2018**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 64,804,446	\$ 24,796,784	\$ 89,601,230
Cash and investments held by fiscal agent	7,490	-	7,490
Accounts receivable	3,596,287	9,144,162	12,740,449
Interest receivable	256,880	-	256,880
Prepaid assets	74,939	-	74,939
Inventory	4,520	-	4,520
Internal balances	3,348,558	(3,348,558)	-
Total current assets	<u>72,093,120</u>	<u>30,592,388</u>	<u>102,685,508</u>
Noncurrent assets:			
Loans receivable, net	1,885,261	-	1,885,261
Receivable from Successor Agency	1,646,331	-	1,646,331
Capital assets:			
Not being depreciated	11,673,366	8,203,873	19,877,239
Being depreciated, net	42,192,826	33,846,184	76,039,010
Total capital assets	<u>53,866,192</u>	<u>42,050,057</u>	<u>95,916,249</u>
Total noncurrent assets	<u>57,397,784</u>	<u>42,050,057</u>	<u>99,447,841</u>
<b>Total assets</b>	<u>129,490,904</u>	<u>72,642,445</u>	<u>202,133,349</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Amounts related to pension plans	22,613,607	1,232,115	23,845,722
Amounts related to other post employment benefits	2,162,374	402,626	2,565,000
<b>Total deferred outflows of resources</b>	<u>24,775,981</u>	<u>1,634,741</u>	<u>26,410,722</u>

**CITY OF MONTEREY PARK**  
**Statement of Net Position, Continued**  
**June 30, 2018**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 2,443,532	\$ 2,275,163	\$ 4,718,695
Accrued payroll	1,128,125	141,847	1,269,972
Interest payable	86,410	-	86,410
Deposits and advances	957,375	812,381	1,769,756
Due to other governmental agencies	699,039	-	699,039
Long-term liabilities - due within one year	4,011,857	824,814	4,836,671
Total current liabilities	<u>9,326,338</u>	<u>4,054,205</u>	<u>13,380,543</u>
Noncurrent liabilities:			
Long-term liabilities - due in more than one year	152,807,326	19,687,974	172,495,300
Total noncurrent liabilities	<u>152,807,326</u>	<u>19,687,974</u>	<u>172,495,300</u>
<b>Total liabilities</b>	<u>162,133,664</u>	<u>23,742,179</u>	<u>185,875,843</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Amounts related to pension plans	2,558,344	99,449	2,657,793
Amounts related to other post employment benefits	153,769	28,631	182,400
<b>Total deferred inflows of resources</b>	<u>2,712,113</u>	<u>128,080</u>	<u>2,840,193</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	51,940,625	32,224,486	84,165,111
Restricted for:			
Grants	1,038,959	-	1,038,959
Retirement/pension	8,998,909	-	8,998,909
Housing	2,439,336	-	2,439,336
Public safety	974,183	-	974,183
Community development	153,344	-	153,344
Culture and recreation	409,923	-	409,923
Highways and streets	8,568,371	-	8,568,371
Unrestricted (deficit)	(85,102,541)	18,182,441	(66,920,100)
<b>Total net position</b>	<u>\$ (10,578,892)</u>	<u>\$ 50,406,927</u>	<u>\$ 39,828,035</u>

**CITY OF MONTEREY PARK**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 13,276,893	\$ 1,290,795	\$ -	\$ -
Public safety	35,442,619	4,239,502	2,109,847	139,416
Community development	2,536,781	3,364,687	805,756	-
Culture and recreation	8,037,936	1,956,845	213,613	20,578
Highway and streets	5,856,197	1,382,500	4,991,407	-
Health	160,000	-	161,240	-
Interest and fiscal charges	940,605	-	-	-
<b>Total governmental activities</b>	<b>66,251,032</b>	<b>12,234,329</b>	<b>8,281,863</b>	<b>159,994</b>
<b>Business-type activities:</b>				
Water Utility	11,978,551	14,213,398	-	2,341,781
Refuse	6,364,504	6,760,312	-	-
Sewer	2,120,013	3,164,108	-	-
<b>Total business-type activities</b>	<b>20,463,068</b>	<b>24,137,818</b>	<b>-</b>	<b>2,341,781</b>
<b>Total</b>	<b>\$ 86,714,100</b>	<b>\$ 36,372,147</b>	<b>\$ 8,281,863</b>	<b>\$ 2,501,775</b>

**CITY OF MONTEREY PARK**  
**Statement of Activities, Continued**  
**For the Year Ended June 30, 2018**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Governmental activities:			
General government	\$ (11,986,098)	\$ -	\$ (11,986,098)
Public safety	(28,953,854)	-	(28,953,854)
Community development	1,633,662	-	1,633,662
Culture and recreation	(5,846,900)	-	(5,846,900)
Highway and streets	517,710	-	517,710
Health	1,240	-	1,240
Interest and fiscal charges	(940,605)	-	(940,605)
Total governmental activities	<u>(45,574,846)</u>	<u>-</u>	<u>(45,574,846)</u>
Business-type activities:			
Water Utility	-	4,576,628	4,576,628
Refuse	-	395,808	395,808
Sewer	-	1,044,095	1,044,095
Total business-type activities	<u>-</u>	<u>6,016,531</u>	<u>6,016,531</u>
Total	<u>(45,574,846)</u>	<u>6,016,531</u>	<u>(39,558,315)</u>
General Revenues:			
Taxes:			
Property taxes	24,306,944	-	24,306,944
Sales taxes	5,341,854	-	5,341,854
Vehicle in-lieu taxes (Unrestricted, intergovernmental)	32,428	-	32,428
Utility user taxes	2,964,825	-	2,964,825
Franchise taxes	966,346	-	966,346
Business license taxes	1,146,838	-	1,146,838
Transient occupancy taxes	1,163,775	-	1,163,775
Other taxes	585,106	-	585,106
Revenues from use of money and property	1,689,011	-	1,689,011
Other	1,736,642	1,053,244	2,789,886
Total general revenues	<u>39,933,769</u>	<u>1,053,244</u>	<u>40,987,013</u>
Changes in net position	(5,641,077)	7,069,775	1,428,698
Net position (deficit) - beginning of year, as restated	<u>(4,937,815)</u>	<u>43,337,152</u>	<u>38,399,337</u>
Net position (deficit) - end of year	<u>\$ (10,578,892)</u>	<u>\$ 50,406,927</u>	<u>\$ 39,828,035</u>

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***Fund  
Financial Statements***

**FUND FINANCIAL STATEMENTS**

**CITY OF MONTEREY PARK**  
**Balance Sheet - Governmental Funds**  
**June 30, 2018**

	Major Funds			
	General	Grants	Special Revenue	
			Retirement/Pension Liability	Housing
<u>Assets</u>				
Cash and investments	\$ 29,886,235	\$ 1,985,864	\$ 8,860,853	\$ 790,858
Cash and investments held by fiscal agents	-	-	7,490	-
Accounts receivable	1,919,805	1,293,473	142,081	-
Interest receivable	228,919	2,394	-	2,146
Prepaid assets	74,939	-	-	-
Due from other funds	1,437,543	-	-	-
Loans receivable, net	-	699,039	-	1,186,222
Receivable from Successor Agency	-	-	-	1,646,331
<b>Total Assets</b>	<b>\$ 33,547,441</b>	<b>\$ 3,980,770</b>	<b>\$ 9,010,424</b>	<b>\$ 3,625,557</b>
<u>Liabilities, Deferred Inflow of Resources and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,681,779	\$ 37,509	\$ 2,500	\$ -
Accrued payroll	988,753	13,978	9,015	-
Deposits and advances	915,389	-	-	-
Due to other funds	-	1,276,242	-	-
Due to other governmental agencies	-	699,039	-	-
<b>Total Liabilities</b>	<b>3,585,921</b>	<b>2,026,768</b>	<b>11,515</b>	<b>-</b>
Deferred Inflow of Resources:				
Unavailable revenue	-	915,043	-	1,186,221
<b>Total Deferred Inflow of Resources</b>	<b>-</b>	<b>915,043</b>	<b>-</b>	<b>1,186,221</b>
Fund Balances:				
Nonspendable				
Prepaid items	74,939	-	-	-
Restricted				
Grants	-	1,038,959	-	-
Retirement	-	-	8,998,909	-
Housing	-	-	-	2,439,336
Nonmajor special revenue funds	-	-	-	-
Committed				
General Fund	10,826,927	-	-	-
Nonmajor special revenue funds	-	-	-	-
Assigned				
General Fund	15,064,826	-	-	-
Unassigned				
General Fund	3,994,828	-	-	-
<b>Total Fund Balances</b>	<b>29,961,520</b>	<b>1,038,959</b>	<b>8,998,909</b>	<b>2,439,336</b>
<b>Total Liabilities, Deferred inflow of Resources and Fund Balances</b>	<b>\$ 33,547,441</b>	<b>\$ 3,980,770</b>	<b>\$ 9,010,424</b>	<b>\$ 3,625,557</b>

**CITY OF MONTEREY PARK**  
**Balance Sheet - Governmental Funds, Continued**  
**June 30, 2018**

	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>		
Cash and investments	\$ 10,517,721	\$ 52,041,531
Cash and investments held by fiscal agents	-	7,490
Accounts receivable	240,928	3,596,287
Interest receivable	23,421	256,880
Prepaid assets	-	74,939
Due from other funds	-	1,437,543
Loans receivable, net	-	1,885,261
Receivable from Successor Agency	-	1,646,331
Total Assets	\$ 10,782,070	\$ 60,946,262
 <u>Liabilities, Deferred Inflow of Resources and Fund Balances</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 430,551	\$ 2,152,339
Accrued payroll	42,412	1,054,158
Deposits and advances	41,986	957,375
Due to other funds	161,301	1,437,543
Due to other governmental agencies	-	699,039
Total Liabilities	676,250	6,300,454
 Deferred Inflow of Resources:		
Unavailable revenue	-	2,101,264
Total Deferred Inflow of Resources	-	2,101,264
 Fund Balances:		
Nonspendable		
Prepaid items	-	74,939
Restricted		
Grants	-	1,038,959
Retirement	-	8,998,909
Housing	-	2,439,336
Nonmajor special revenue funds	9,668,394	9,668,394
Committed		
General Fund	-	10,826,927
Nonmajor special revenue funds	437,426	437,426
Assigned		
General Fund	-	15,064,826
Unassigned		
General Fund	-	3,994,828
Total Fund Balances	10,105,820	52,544,544
Total Liabilities, Deferred inflow of Resources and Fund Balances	\$ 10,782,070	\$ 60,946,262

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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, 2018**

<b>Total fund balance of governmental funds in fund statements</b>	<b>\$ 52,544,544</b>
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 deficit is \$1,106,545 plus the portion of net deficit allocated to business-type activities of \$3,348,558.	2,242,013
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. (Total governmental assets of \$53,866,192 less internal service funds of \$1,318,606, which has already been accounted for in the reconciliation of internal service funds elimination).	52,547,586
Long-term liabilities in the amount of \$37,143,164, excluding net pension liabilities and net other post employment benefit (OPEB) liabilities, are not due and payable in the current period and therefore are not reported in the governmental funds, net of \$14,827,426 included in reconciliation of internal service funds.	(22,315,738)
Interest on long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	(86,410)
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.	(94,302,477)
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.	8,598,965
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	3,085,452
Difference between expected and actual experience	(2,558,344)
Changes in assumptions	10,929,190
Net OPEB liability is not due and payable in the current period and therefore is not reported in the governmental funds.	(25,373,542)
OPEB 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.	2,162,374
Other deferred outflows and inflows of resources related to the net OPEB liability are reported only in the government-wide financial statements:	
Difference between expected and actual experience	(153,769)
Revenues earned but not available to pay for current expenditures for governmental funds are unavailable.	<u>2,101,264</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ (10,578,892)</u></u></b>

**CITY OF MONTEREY PARK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	Major Funds			
	General	Grants	Special Revenue	
			Retirement/Pension Liability	Housing
Revenues:				
Taxes	\$ 28,043,648	\$ -	\$ 6,950,613	\$ -
Licenses and permits	2,729,412	-	-	-
Intergovernmental revenues	-	2,927,646	-	-
Charges for services	6,377,649	-	-	-
Revenues from use of money and property	1,504,470	100,297	6,851	-
Fines and forfeitures	625,594	-	-	-
Other revenue	1,738,904	-	-	17,881
Total Revenues	<u>41,019,677</u>	<u>3,027,943</u>	<u>6,957,464</u>	<u>17,881</u>
Expenditures:				
Current:				
General government	4,522,536	-	2,623,756	-
Public safety	24,368,744	380,970	4,355,675	-
Community development	1,585,097	391,234	412,437	32,660
Culture and recreation	5,573,809	211,127	638,162	-
Highways and streets	942,285	17,865	43,165	-
Health	-	-	-	-
Capital outlay	1,578,495	822,549	-	-
Debt service:				
Principal retirement	57,152	510,318	445,000	-
Interest and fiscal charges	42,014	50,637	816,057	-
Total Expenditures	<u>38,670,132</u>	<u>2,384,700</u>	<u>9,334,252</u>	<u>32,660</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,349,545</u>	<u>643,243</u>	<u>(2,376,788)</u>	<u>(14,779)</u>
Other Financing Sources (Uses):				
Transfers in	66,880	59,005	2,100,000	-
Transfers out	<u>(2,657,712)</u>	<u>(66,880)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,590,832)</u>	<u>(7,875)</u>	<u>2,100,000</u>	<u>-</u>
Net Changes in Fund Balances	(241,287)	635,368	(276,788)	(14,779)
Fund Balances, Beginning of Year	<u>30,202,807</u>	<u>403,591</u>	<u>9,275,697</u>	<u>2,454,115</u>
Fund Balances, End of Year	<u>\$ 29,961,520</u>	<u>\$ 1,038,959</u>	<u>\$ 8,998,909</u>	<u>\$ 2,439,336</u>

**CITY OF MONTEREY PARK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds, Continued**  
**For the Year Ended June 30, 2018**

	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 7,685,942	\$ 42,680,203
Licenses and permits	-	2,729,412
Intergovernmental revenues	-	2,927,646
Charges for services	2,039,723	8,417,372
Revenues from use of money and property	116,166	1,727,784
Fines and forfeitures	54,539	680,133
Other revenue	-	1,756,785
Total Revenues	9,896,370	60,919,335
Expenditures:		
Current:		
General government	-	7,146,292
Public safety	1,129,836	30,235,225
Community development	76,524	2,497,952
Culture and recreation	558,565	6,981,663
Highways and streets	3,808,770	4,812,085
Health	160,000	160,000
Capital outlay	2,012,152	4,413,196
Debt service:		
Principal retirement	403,787	1,416,257
Interest and fiscal charges	35,958	944,666
Total Expenditures	8,185,592	58,607,336
Excess (Deficiency) of Revenues Over Expenditures	1,710,778	2,311,999
Other Financing Sources (Uses):		
Transfers in	-	2,225,885
Transfers out	(1,293)	(2,725,885)
Total Other Financing Sources (Uses)	(1,293)	(500,000)
Net Changes in Fund Balances	1,709,485	1,811,999
Fund Balances, Beginning of Year, as Restated	8,396,335	50,732,545
Fund Balances, End of Year	\$ 10,105,820	\$ 52,544,544

**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, 2018**

<b>Net change in fund balance - total governmental funds</b>	\$ 1,811,999
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 (\$2,926,066) is reported with governmental activities. This amount includes \$(928,980) charged to the Water and Refuse Enterprise Funds.	(1,997,086)
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 \$429,644.	4,099,951
Depreciation expense, net of internal service fund depreciation expense of \$296,262.	(2,108,059)
Revenues that do not provide current financial resources are not recognized as revenues in the governmental funds.	(309,380)
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.	1,416,257
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.	(7,802,736)
Changes in compensated absences which are not due and payable in the governmental funds are charged to expenses in the Statement of Activities.	(499,465)
Changes in net OPEB 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.	(256,619)
Interest on long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	4,061
<b>Change in net position of governmental activities</b>	<b>\$ (5,641,077)</b>

**PROPRIETARY FUND FINANCIAL STATEMENTS**

**CITY OF MONTEREY PARK**  
**Statement of Net Position -**  
**Proprietary Funds**  
**June 30, 2018**

	Enterprise			
	Water Utility	Refuse	Sewer	Total
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 17,661,284	\$ 1,537,589	\$ 5,597,911	\$ 24,796,784
Accounts receivable	8,026,219	735,876	382,067	9,144,162
Inventory	-	-	-	-
Total Current Assets	<u>25,687,503</u>	<u>2,273,465</u>	<u>5,979,978</u>	<u>33,940,946</u>
Noncurrent Assets:				
Nondepreciable capital assets	8,160,124	-	43,749	8,203,873
Depreciable capital assets, net of accumulated depreciation	31,390,086	16,626	2,439,472	33,846,184
Total Capital Assets	<u>39,550,210</u>	<u>16,626</u>	<u>2,483,221</u>	<u>42,050,057</u>
Total Noncurrent Assets	<u>39,550,210</u>	<u>16,626</u>	<u>2,483,221</u>	<u>42,050,057</u>
Total Assets	<u>65,237,713</u>	<u>2,290,091</u>	<u>8,463,199</u>	<u>75,991,003</u>
<u>Deferred Outflows of Resources</u>				
Amounts related to pension plans	861,448	188,618	182,049	1,232,115
Amounts related to other post employment benefit plans	293,631	48,515	60,480	402,626
Total Deferred Outflows of Resources	<u>1,155,079</u>	<u>237,133</u>	<u>242,529</u>	<u>1,634,741</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	1,419,857	428,712	426,594	2,275,163
Accrued payroll	110,872	15,964	15,011	141,847
Deposits and advances	812,381	-	-	812,381
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	51,518	10,358	5,234	67,110
Total Current Liabilities	<u>3,152,332</u>	<u>455,034</u>	<u>446,839</u>	<u>4,054,205</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	9,051,241	-	-	9,051,241
Compensated absences payable - due in more than one year	463,663	93,225	47,104	603,992
Net OPEB liabilities	3,445,499	569,285	709,674	4,724,458
Net pension liabilities	3,711,351	812,616	784,316	5,308,283
Total Noncurrent Liabilities	<u>16,671,754</u>	<u>1,475,126</u>	<u>1,541,094</u>	<u>19,687,974</u>
Total Liabilities	<u>19,824,086</u>	<u>1,930,160</u>	<u>1,987,933</u>	<u>23,742,179</u>
<u>Deferred Inflows of Resources</u>				
Amounts related to pension plans	69,531	15,224	14,694	99,449
Amounts related to other post employment benefit plans	20,880	3,450	4,301	28,631
Total Deferred Inflows of Resources	<u>90,411</u>	<u>18,674</u>	<u>18,995</u>	<u>128,080</u>
<u>Net Position</u>				
Net investment in capital assets	29,741,265	-	2,483,221	32,224,486
Unrestricted	16,737,030	578,390	4,215,579	21,530,999
Total Net Position	<u>\$ 46,478,295</u>	<u>\$ 578,390</u>	<u>\$ 6,698,800</u>	<u>\$ 53,755,485</u>
Adjustment to reflect the consolidation of internal service funds activities to related enterprise fund	(2,956,654)	(391,904)	-	(3,348,558)
Net Position of Business-type Activities	<u>\$ 43,521,641</u>	<u>\$ 186,486</u>	<u>\$ 6,698,800</u>	<u>\$ 50,406,927</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF MONTEREY PARK**  
**Statement of Net Position -**  
**Proprietary Funds, Continued**  
**June 30, 2018**

	Internal Service
<u>Assets</u>	
Current Assets:	
Cash and investments	\$ 12,762,915
Accounts receivable	-
Inventory	4,520
Total Current Assets	12,767,435
Noncurrent Assets:	
Nondepreciable capital assets	43,749
Depreciable capital assets, net of accumulated depreciation	1,274,857
Total Capital Assets	1,318,606
Total Noncurrent Assets	1,318,606
Total Assets	14,086,041
<u>Deferred Outflow of Resources</u>	
Amounts related to pension plans	-
Amounts related to other post employment benefit plans	-
Total Deferred Outflows of Resources	-
<u>Liabilities</u>	
Current Liabilities:	
Accounts payable	291,193
Accrued payroll	73,967
Deposits and advances	-
Insurance assessments payable - due within one year	163,514
Claims and judgments payable - due within one year	2,286,000
Capital lease obligations - due within one year	-
Compensated absences payable - due within one year	7,385
Total Current Liabilities	2,822,059
Noncurrent Liabilities:	
Insurance assessments payable - due in more than one year	1,308,115
Claims and judgments payable - due in more than one year	10,995,946
Capital lease obligations - due in more than one year	-
Compensated absences payable - due in more than one year	66,466
Net OPEB liabilities	-
Net pension liabilities	-
Total Noncurrent Liabilities	12,370,527
Total Liabilities	15,192,586
<u>Deferred Inflow of Resources</u>	
Amounts related to pension plans	-
Amounts related to other post employment benefit plans	-
Total Deferred Inflows of Resources	-
<u>Net Position</u>	
Net investment in capital assets	1,318,606
Unrestricted	(2,425,151)
Total Net (Deficit) Position	\$ (1,106,545)

**CITY OF MONTEREY PARK**  
**Statement of Revenues, Expenses and Changes in**  
**Net Position - Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Enterprise			Total
	Water Utility	Refuse	Sewer	
Operating Revenues:				
Charges for services	\$ 14,036,932	\$ 6,760,312	\$ 3,164,108	\$ 23,961,352
Meter installations	176,466	-	-	176,466
Other revenue	1,053,244	-	-	1,053,244
Total Operating Revenues	<u>15,266,642</u>	<u>6,760,312</u>	<u>3,164,108</u>	<u>25,191,062</u>
Operating Expenses:				
Administration	2,486,334	1,130,929	-	3,617,263
Commercial - water	727,253	-	-	727,253
Production - water	2,204,027	-	-	2,204,027
Distribution - water	1,168,763	-	-	1,168,763
Treatment plant	2,667,225	-	-	2,667,225
Street maintenance - refuse	-	4,994	-	4,994
Storm drain maintenance - refuse	-	166,204	-	166,204
Refuse collection	-	4,952,842	-	4,952,842
Sanitary sewer maintenance	-	-	1,912,868	1,912,868
Depreciation	1,616,871	583	207,145	1,824,599
Salaries and benefits	-	-	-	-
Materials and supplies	-	-	-	-
Insurance and claims	-	-	-	-
Miscellaneous	-	-	-	-
Total Operating Expenses	<u>10,870,473</u>	<u>6,255,552</u>	<u>2,120,013</u>	<u>19,246,038</u>
Operating Income (Loss)	<u>4,396,169</u>	<u>504,760</u>	<u>1,044,095</u>	<u>5,945,024</u>
Nonoperating Revenues (Expenses):				
Interest expense	(288,050)	-	-	(288,050)
Total Nonoperating Revenues (Expenses)	<u>(288,050)</u>	<u>-</u>	<u>-</u>	<u>(288,050)</u>
Net Income (Loss) Before Capital Contributions and Transfers	4,108,119	504,760	1,044,095	5,656,974
Capital Contributions	2,341,781	-	-	2,341,781
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Position	6,449,900	504,760	1,044,095	7,998,755
Net Position, Beginning of Year, As Restated	40,028,395	73,630	5,654,705	45,756,730
Net Position, End of Year	<u>\$ 46,478,295</u>	<u>\$ 578,390</u>	<u>\$ 6,698,800</u>	<u>\$ 53,755,485</u>
Changes in Net Position	\$ 6,449,900	\$ 504,760	\$ 1,044,095	\$ 7,998,755
Adjustment to reflect the consolidation of internal service fund activities to related enterprise fund	(820,028)	(108,952)	-	(928,980)
Changes in Net Position of Business-type Activities	<u>\$ 5,629,872</u>	<u>\$ 395,808</u>	<u>\$ 1,044,095</u>	<u>\$ 7,069,775</u>

**CITY OF MONTEREY PARK**  
**Statement of Revenues, Expenses and Changes in**  
**Net Position - Proprietary Funds, Continued**  
**For the Year Ended June 30, 2018**

	Internal Service
Operating Revenues:	
Charges for services	\$ 6,837,634
Meter installations	-
Other revenue	24,655
Total Operating Revenues	6,862,289
Operating Expenses:	
Administration	-
Commercial - water	-
Production - water	-
Distribution - water	-
Treatment plant	-
Street maintenance - refuse	-
Storm drain maintenance - refuse	-
Refuse collection	-
Sanitary sewer maintenance	-
Depreciation	296,262
Salaries and benefits	1,557,479
Materials and supplies	866,529
Insurance and claims	7,228,244
Miscellaneous	339,841
Total Operating Expenses	10,288,355
Operating Income (Loss)	(3,426,066)
Nonoperating Revenues (Expenses):	
Interest expense	-
Total Nonoperating Revenues (Expenses)	-
Net Income (Loss) Before Capital Contributions and Transfers	(3,426,066)
Capital Contributions	-
Transfers In	1,000,000
Transfers Out	(500,000)
Changes in Net Position	(2,926,066)
Net Position, Beginning of Year	1,819,521
Net Position (Deficit), End of Year	\$ (1,106,545)

**CITY OF MONTEREY PARK**  
**Statement of Cash Flows -**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Enterprise Funds			Total
	Water Utility	Refuse	Nonmajor (Sewer)	
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 12,022,749	\$ 6,774,851	\$ 3,115,958	\$ 21,913,558
Cash receipts from interfund services provided	-	-	-	-
Cash receipts from reimbursements and other operating revenue	-	-	-	-
Cash payments to suppliers for goods and services	(5,342,150)	(5,667,789)	(562,364)	(11,572,303)
Cash payments to employees for services	(8,026,626)	(954,042)	(641,656)	(9,622,324)
Cash payments for insurance premiums and self-insurance claims	-	-	-	-
Net Cash Provided by (Used in) Operating Activities	<u>(1,346,027)</u>	<u>153,020</u>	<u>1,911,938</u>	<u>718,931</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	(4,799,624)	-	(907,996)	(5,707,620)
Capital contributions	2,341,781	-	-	2,341,781
Principal paid on lease financing	(757,702)	-	-	(757,702)
Interest paid on lease financing	(288,050)	-	-	(288,050)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(3,503,595)</u>	<u>-</u>	<u>(907,996)</u>	<u>(4,411,591)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(4,849,622)</u>	<u>153,020</u>	<u>1,003,942</u>	<u>(3,692,660)</u>
Cash and Cash Equivalents, Beginning of Year	<u>22,510,906</u>	<u>1,384,569</u>	<u>4,593,969</u>	<u>28,489,444</u>
Cash and Cash Equivalents, End of Year	<u>\$ 17,661,284</u>	<u>\$ 1,537,589</u>	<u>\$ 5,597,911</u>	<u>\$ 24,796,784</u>
Cash and investments	\$ 17,661,284	\$ 1,537,589	\$ 5,597,911	\$ 24,796,784
Cash and investments with fiscal agent	-	-	-	-
Total Cash and Cash Equivalents	<u>\$ 17,661,284</u>	<u>\$ 1,537,589</u>	<u>\$ 5,597,911</u>	<u>\$ 24,796,784</u>

**CITY OF MONTEREY PARK**  
**Statement of Cash Flows -**  
**Proprietary Funds, Continued**  
**For the Year Ended June 30, 2018**

	Internal Service
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ -
Cash receipts from interfund services provided	6,837,634
Cash receipts from reimbursements and other operating revenue	24,655
Cash payments to suppliers for goods and services	(1,238,215)
Cash payments to employees for services	(1,523,247)
Cash payments for insurance premiums and self-insurance claims	(4,316,947)
Net Cash Provided by (Used in) Operating Activities	(216,120)
Cash Flows from Noncapital and Related Financing Activities:	
Cash received from other funds	1,000,000
Cash paid to other funds	(500,000)
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	(430,251)
Capital contributions	-
Principal paid on lease financing	-
Interest paid on lease financing	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(430,251)
Net Increase (Decrease) in Cash and Cash Equivalents	(146,371)
Cash and Cash Equivalents, Beginning of Year	12,909,286
Cash and Cash Equivalents, End of Year	\$ 12,762,915
Cash and investments	\$ 12,762,915
Cash and investments with fiscal agent	-
Total Cash and Cash Equivalents	\$ 12,762,915

**CITY OF MONTEREY PARK**  
**Statement of Cash Flows -**  
**Proprietary Funds, Continued**  
**For the Year Ended June 30, 2018**

	Enterprise Funds			Total
	Water Utility	Refuse	Sewer	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (Loss)	\$ 4,396,169	\$ 504,760	\$ 1,044,095	\$ 5,945,024
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	1,616,871	583	207,145	1,824,599
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(3,243,893)	14,539	(48,150)	(3,277,504)
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in deferred outflows or resources - pension plans	286,579	(4,867)	(97,823)	183,889
(Increase) decrease in deferred outflows of resources - OPEB plan	15,798	2,611	3,253	21,662
Increase (decrease) in accounts payable	(1,377,385)	(41,523)	365,676	(1,053,232)
Increase (decrease) in accrued payroll	2,719	372	4,528	7,619
Increase (decrease) in deposits and advances	379,038	-	-	379,038
Increase (decrease) in insurance assessment payable	-	-	-	-
Increase (decrease) in claims and judgments payable	-	-	-	-
Increase (decrease) in compensated absences payable	(69,000)	(25,046)	6,748	(87,298)
Increase (decrease) in net pension liabilities	(3,347,490)	(301,937)	412,797	(3,236,630)
Increase (decrease) in net OPEB liability	(1,832)	(302)	(378)	(2,512)
Increase (decrease) in deferred inflows or resources - pension plans	(24,481)	380	9,746	(14,355)
Increase (decrease) in deferred inflows of resources - OPEB plan	20,880	3,450	4,301	28,631
Total Adjustments	(5,742,196)	(351,740)	867,843	(5,226,093)
Net Cash Provided by (Used in) Operating Activities	\$ (1,346,027)	\$ 153,020	\$ 1,911,938	\$ 718,931

(Continued)

**CITY OF MONTEREY PARK**  
**Statement of Cash Flows -**  
**Proprietary Funds, Continued**  
**For the Year Ended June 30, 2018**

	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash	
Provided by (Used in) Operating Activities:	
Operating income (Loss)	\$ (3,426,066)
Adjustments to Reconcile Operating	
Income (Loss) to Net Cash Provided	
by (Used in) Operating Activities:	
Depreciation	296,262
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	-
(Increase) decrease in inventory	304
(Increase) decrease in deferred outflows or resources - pension plans	-
(Increase) decrease in deferred outflows of resources - OPEB plan	-
Increase (decrease) in accounts payable	24,793
Increase (decrease) in accrued payroll	22,808
Increase (decrease) in deposits and advances	-
Increase (decrease) in claims and judgments payable	(163,514)
Increase (decrease) in claims and judgments payable	3,017,869
Increase (decrease) in compensated absences payable	11,424
Increase (decrease) in net pension liabilities	-
Increase (decrease) in OPEB obligations payable	-
Increase (decrease) in deferred inflows of resources - pension plans	-
Increase (decrease) in deferred inflows of resources - OPEB plan	-
Total Adjustments	3,209,946
Net Cash Provided by (Used in)	
Operating Activities	\$ (216,120)

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**FIDUCIARY FUND FINANCIAL STATEMENTS**

**CITY OF MONTEREY PARK**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	Private-Purpose Trust Fund	Agency Funds
Current Assets:		
Cash and investments	\$ 302,036	\$ 3,090,169
Cash and investments with fiscal agent	1,752,519	-
Accounts receivable	-	1,581
Total Assets	2,054,555	\$ 3,091,750
Current Liabilities:		
Accounts payable	4,671	\$ 74,928
Deposits payable	137,861	3,016,822
Interest payable	248,237	-
Current portion of noncurrent liabilities	1,365,000	-
Total Current Liabilities	1,755,769	3,091,750
Noncurrent Liabilities:		
Advances from City of Monterey Park	1,646,331	-
Bonds payable, net of current portion	15,184,442	-
Tax increment deferred loans	64,110,415	-
Low/Mod Housing deferred loans	1,186,222	-
Total Noncurrent Liabilities	82,127,410	-
Total Liabilities	83,883,179	\$ 3,091,750
Net Position (Deficit):		
Net position (deficit) held in trust for debt service and certain administrative expenses	\$ (81,828,624)	

**CITY OF MONTEREY PARK**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2018**

	Private-Purpose Trust Fund
Additions:	
Redevelopment Property Tax Trust Fund	\$ 2,389,842
Investment income	8,302
Total Additions	2,398,144
Deductions:	
Administration	252,844
Interest expense and fiscal charges	4,726,591
Total Deductions	4,979,435
Change in net position	(2,581,291)
Net Position, Beginning of Year	(79,247,333)
Net Position, End of Year	\$ (81,828,624)

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*Notes to  
Financial Statements*

**CITY OF MONTEREY PARK**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**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, 2018**

**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, 2018**

**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.

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.

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.

***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, 2018**

**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, 2018**

**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, 2018**

**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, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

<u>MMRP</u>	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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 (OPEB)***

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

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***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, 2018 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 12).

***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, 2018**

**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 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this statement decreased the net position at July 1, 2017 of the governmental activities by \$11,129,938, the business-type activities by \$3,324,507; and the Water Utility, Refuse and Sewer Enterprise funds by \$2,371,371, \$351,542, and \$601,594, respectively.

GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement did not impact the City.

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

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

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***O. New Accounting Pronouncements, Continued***

*Pending Accounting Standards*

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

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

**2. CASH AND INVESTMENTS**

***Cash and Investments***

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

	<b>Government-Wide</b>			<b>Fiduciary Funds</b>	<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>		
Cash and investments	\$ 64,804,446	\$ 24,796,784	\$ 89,601,230	\$ 3,392,205	\$ 92,993,435
Cash and investments held by fiscal agent	7,490	-	7,490	1,752,519	1,760,009
<b>Total cash and investments</b>	<b>\$ 64,811,936</b>	<b>\$ 24,796,784</b>	<b>\$ 89,608,720</b>	<b>\$ 5,144,724</b>	<b>\$ 94,753,444</b>

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

**Deposits:**

Cash on hand	\$ 4,550
Demand deposits with financial institutions	1,964,660
Time certificates of deposit	935,000
<b>Total Cash</b>	<b>2,904,210</b>

**Investments:**

Certificates of deposit with financial institutions	12,096,565
Local Agency Investment Fund (LAIF)	40,266,262
Los Angeles County Treasury Pool	37,726,398
Money market mutual fund	1,760,009
<b>Total Investments</b>	<b>91,849,234</b>
<b>Total Cash and Investments</b>	<b>\$ 94,753,444</b>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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, 2018, the carrying amount of the City's demand deposits was \$1,964,660 and the bank balance was \$2,196,496. The \$231,836 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, 2018**

**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, 2018**

**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 193 days and in the Los Angeles County Treasury Pool is approximately 609 days.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**2. CASH AND INVESTMENTS, CONTINUED**

*Disclosures Relating to Interest Rate Risk, Continued*

Information about the sensitivity of the fair values of the City's investments 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, 2018</u>	<u>Maturity</u>		
			<u>12 Months or Less</u>	<u>1 to 2 Years</u>	<u>2 to 3 Years</u>
<b>Treasury Investments:</b>					
Negotiable Certificates of Deposit	N/A *	\$ 12,096,565	\$ 4,594,993	\$ 5,091,101	\$ 2,411,471
LAIF	N/A *	40,266,262	40,266,262	-	-
Los Angeles County Treasury Pool	N/A *	37,726,398	37,726,398	-	-
<b>Total Treasury Investments</b>		<u>90,089,225</u>	<u>82,587,653</u>	<u>5,091,101</u>	<u>2,411,471</u>
<b>Investments Held by Fiscal Agents:</b>					
Money Market Mutual Fund	AAA	1,760,009	1,760,009	-	-
<b>Total Investments Held by Fiscal Agents</b>		<u>1,760,009</u>	<u>1,760,009</u>	<u>-</u>	<u>-</u>
<b>Total Investments</b>		<u>\$ 91,849,234</u>	<u>\$ 84,347,662</u>	<u>\$ 5,091,101</u>	<u>\$ 2,411,471</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, 2018 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 2018, the City had \$40,266,262 invested in LAIF, which had invested 43.99% of the pool investment funds in Structured notes and Medium-term Asset-backed Securities. The LAIF fair value factor of 0.998126869 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, 2018**

**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, 2018, the City had \$37,726,398 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.

The fair value of the City's investments in negotiable certificates of deposit was determined using Level 2 inputs. The City's other investments were not subject to the fair value hierarchy requirement.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**3. RECEIVABLES**

Receivables of the City as of June 30, 2018 were:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Accounts Receivable:</b>			
Property taxes	\$ 625,667	\$ -	\$ 625,667
Sales taxes	1,009,057	-	1,009,057
Utility taxes	225,236	-	225,236
Water, sewer and refuse sales	-	5,275,035	5,275,035
Subvention and grants	1,305,732	3,869,127	5,174,859
Other	430,595	-	430,595
	<b>\$ 3,596,287</b>	<b>\$ 9,144,162</b>	<b>\$ 12,740,449</b>
<b>Total Accounts Receivable</b>	<b>\$ 3,596,287</b>	<b>\$ 9,144,162</b>	<b>\$ 12,740,449</b>
<b>Interest Receivable</b>	<b>\$ 256,880</b>	<b>\$ -</b>	<b>\$ 256,880</b>
<b>Loans Receivable, Net:</b>			
Residential Rehabilitation (CDBG) (Note 9)	\$ 48,015	\$ -	\$ 48,015
SERA Program (Note 9)	4,322	-	4,322
Pacific Housing Loan (Note 9)	240,940	-	240,940
Pacific Bridge Loan (Note 9)	405,762	-	405,762
First-Time Homebuyers (Housing)	108,932	-	108,932
Critical Maintenance (Housing)	45,561	-	45,561
Critical Maintenance (Grants)	725,634	-	725,634
Abajo del Sol Loan (Grants)	2,180,802	-	2,180,802
LINC Community Development (Housing)	2,246,553	-	2,246,553
LINC Community Development (Grants)	903,483	-	903,483
Low/Mod Housing Deferred Loans	1,186,221	-	1,186,221
Subtotal	8,096,225	-	8,096,225
Less: Allowance for Uncollectible Loans	(6,210,964)	-	(6,210,964)
	<b>\$ 1,885,261</b>	<b>\$ -</b>	<b>\$ 1,885,261</b>
<b>Total Loans Receivable, Net</b>	<b>\$ 1,885,261</b>	<b>\$ -</b>	<b>\$ 1,885,261</b>
<b>Total Receivables</b>	<b>\$ 5,738,428</b>	<b>\$ 9,144,162</b>	<b>\$ 14,882,590</b>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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, 2018 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, 2018 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, 2018, outstanding principal and interest are \$175,000 and \$65,940, 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, 2018, outstanding principal and interest are \$240,478 and \$165,284, 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, 2018, \$108,932 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, 2018**

**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, 2018, the loans outstanding totaled \$711,194. Of this amount, \$45,561 is funded by the former Redevelopment Agency’s Housing Capital Projects Fund and \$725,634 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 \$725,634 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 15<sup>th</sup> 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, 2018, outstanding principal and interest being recorded as notes receivable are \$1,187,347 and \$993,455, 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, 2018, outstanding principal and interest being recorded as notes receivable are \$2,080,000 and \$166,553, 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, 2018, \$903,483 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	236,221
	<u>\$ 1,186,221</u>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**4. INTERFUND TRANSACTIONS**

There were no internal receivables and payables at June 30, 2018 between the governmental activities and business-type activities.

Individual interfund receivables and payables were as follows at June 30, 2018:

***Due To/From Other Funds***

Due from Other Funds	Due to Other Funds	Amount
General Fund	Special Revenues Grants Fund	\$ 1,276,242
General Fund	Nonmajor Governmental Funds	161,301
		<u>\$ 1,437,543</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.

***Transfers***

Transfers In	Transfers Out	Amount
General Fund	Grants Special Revenue Fund	\$ 66,880
Grants Special Revenue Fund	General Fund	57,713
Grants Special Revenue Fund	Nonmajor Governmental Funds	1,292
Retirement/Pension Liability Special Revenue Fund	General Fund	2,100,000
General Liability Internal Service Fund	Separation Benefits Internal Service Fund	500,000
Workers' Compensation Internal Service Fund	General Fund	500,000
		<u>\$ 3,225,885</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 2017-18, Transfers from the Grants Special Revenue Fund to the General Fund consist: \$2,305 from the LACMTA and \$64,575 from the Med Life Traffic due to grant closure. Transfers from the General Fund to the Special Revenue Grants Fund were for \$18,322 to SAFETEA-Lu Transportation Grant due to unallowable grant spending and \$39,391 to ISTEIA Transportation Grant due to unallowable spending. Transfers from the Proposition A Special Revenue Fund were for \$1,292 to the ELAC Contribution Grant Fund due to expenditure alignment. Transfers of \$2,100,000 from the General Fund to the Retirement/Pension Liability Special Revenue Fund were Council-approved pension contributions. Transfers of \$500,000 from the Separation Benefits Internal Service Fund to the General Liability Internal Service Fund and transfers of \$500,000 from the General Fund to the Workers' Compensation Internal Services Fund were Council-approved supplements to strengthen net positions.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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, 2018 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, 2018**

**6. CAPITAL ASSETS**

At June 30, 2018, the capital assets balances for the City are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Capital assets, Not Being Depreciated:</b>			
Land	\$ 8,465,051	\$ 499,975	\$ 8,965,026
Construction in progress	3,208,315	7,703,898	10,912,213
<b>Total Capital Assets, Not Being Depreciated</b>	<u>11,673,366</u>	<u>8,203,873</u>	<u>19,877,239</u>
<b>Capital Assets, Being Depreciated:</b>			
Buildings	30,391,663	285,050	30,676,713
Improvements	18,017,436	54,496,057	72,513,493
Equipment	24,642,529	3,484,548	28,127,077
Infrastructure	32,012,685	10,939,521	42,952,206
<b>Total Capital Assets, Being Depreciated</b>	<u>105,064,313</u>	<u>69,205,176</u>	<u>174,269,489</u>
<b>Less Accumulated Depreciation:</b>			
Buildings	(13,756,829)	(132,327)	(13,889,156)
Improvements	(5,330,453)	(23,493,671)	(28,824,124)
Equipment	(22,702,085)	(2,750,898)	(25,452,983)
Infrastructure	(21,082,120)	(8,982,096)	(30,064,216)
<b>Total Accumulated Depreciation</b>	<u>(62,871,487)</u>	<u>(35,358,992)</u>	<u>(98,230,479)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>42,192,826</u>	<u>33,846,184</u>	<u>76,039,010</u>
<b>Total Capital Assets, Net</b>	<u>\$ 53,866,192</u>	<u>\$ 42,050,057</u>	<u>\$ 95,916,249</u>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**6. CAPITAL ASSETS, CONTINUED**

*Governmental Activities*

A summary of changes in capital asset activity for the year ended June 30, 2018 is as follows:

	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance at June 30, 2018</u>
<b>Capital Assets, Not Being Depreciated:</b>					
Land	\$ 8,465,051	\$ -	\$ -	\$ -	\$ 8,465,051
Construction in progress	2,317,009	1,883,596	-	(992,290)	3,208,315
<b>Total Capital Assets, Not Being Depreciated</b>	<u>10,782,060</u>	<u>1,883,596</u>	<u>-</u>	<u>(992,290)</u>	<u>11,673,366</u>
<b>Capital Assets, Being Depreciated:</b>					
Buildings	30,391,663	-	-	-	30,391,663
Improvements	16,550,081	475,065	-	992,290	18,017,436
Equipment	23,317,634	751,697	573,198	-	24,642,529
Infrastructures	30,593,451	1,419,234	-	-	32,012,685
<b>Total Capital Assets, Being Depreciated</b>	<u>100,852,829</u>	<u>2,645,996</u>	<u>573,198</u>	<u>992,290</u>	<u>105,064,313</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	(13,142,015)	(614,814)	-	-	(13,756,829)
Improvements	(4,820,471)	(509,982)	-	-	(5,330,453)
Equipment	(21,555,205)	(573,682)	(573,198)	-	(22,702,085)
Infrastructures	(20,376,277)	(705,843)	-	-	(21,082,120)
<b>Total Accumulated Depreciation</b>	<u>(59,893,968)</u>	<u>(2,404,321)</u>	<u>(573,198)</u>	<u>-</u>	<u>(62,871,487)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>40,958,861</u>	<u>241,675</u>	<u>-</u>	<u>992,290</u>	<u>42,192,826</u>
<b>Total Capital Assets, Net</b>	<u>\$ 51,740,921</u>	<u>\$ 2,125,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,866,192</u>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**6. CAPITAL ASSETS, CONTINUED**

*Business-Type Activities*

A summary of changes in capital asset activity for the year ended June 30, 2018 is as follows:

	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance at June 30, 2018</u>
<b>Capital Assets, Not Being Depreciated:</b>					
Land	\$ 499,975	\$ -	\$ -	\$ -	\$ 499,975
Construction in progress	3,451,118	4,679,242	-	(426,462)	7,703,898
<b>Total Capital Assets, Not Being Depreciated</b>	<u>3,951,093</u>	<u>4,679,242</u>	<u>-</u>	<u>(426,462)</u>	<u>8,203,873</u>
<b>Capital Assets, Being Depreciated:</b>					
Buildings	285,050	-	-	-	285,050
Improvements	54,052,725	16,870	-	426,462	54,496,057
Equipment	3,195,054	289,494	-	-	3,484,548
Infrastructures	10,217,503	722,018	-	-	10,939,521
<b>Total Capital Assets, Being Depreciated</b>	<u>67,750,332</u>	<u>1,028,382</u>	<u>-</u>	<u>426,462</u>	<u>69,205,176</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	(126,738)	(5,589)	-	-	(132,327)
Improvements	(21,944,100)	(1,549,571)	-	-	(23,493,671)
Equipment	(2,580,195)	(170,703)	-	-	(2,750,898)
Infrastructures	(8,883,360)	(98,736)	-	-	(8,982,096)
<b>Total Accumulated Depreciation</b>	<u>(33,534,393)</u>	<u>(1,824,599)</u>	<u>-</u>	<u>-</u>	<u>(35,358,992)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>34,215,939</u>	<u>(796,217)</u>	<u>-</u>	<u>426,462</u>	<u>33,846,184</u>
<b>Total Capital Assets, Net</b>	<u>\$ 38,167,032</u>	<u>\$ 3,883,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,050,057</u>

Depreciation expense of \$4,228,900 was charged to the following functions:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General government	\$ 207,948	\$ -	\$ 207,948
Public safety	237,052	-	237,052
Public safety/shop	317,599	-	317,599
Community development	7,892	-	7,892
Culture and recreation	741,567	-	741,567
Street and highways	892,263	-	892,263
Water utility	-	1,616,871	1,616,871
Refuse	-	583	583
Sewer	-	207,145	207,145
<b>Total</b>	<u>\$ 2,404,321</u>	<u>\$ 1,824,599</u>	<u>\$ 4,228,920</u>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**7. LONG-TERM DEBT**

Changes in long-term debt for the City for the year June 30, 2018 are as follows:

<u>Governmental Activities</u>	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2018</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
<b>Bonds Payable:</b>						
2004 Taxable Pension						
Obligation Bonds	\$ 13,520,000	\$ -	\$ (445,000)	\$ 13,075,000	\$ 440,000	\$ 12,635,000
<b>Total Bonds Payable</b>	<u>13,520,000</u>	<u>-</u>	<u>(445,000)</u>	<u>13,075,000</u>	<u>440,000</u>	<u>12,635,000</u>
<b>Loans and Notes Payable:</b>						
HUD Section 108						
Loans Payable	2,804,000	-	(401,000)	2,403,000	426,000	1,977,000
Library Special Tax						
Revenue Notes Series 2005	372,516	-	(372,516)	-	-	-
<b>Total Loans and     Notes Payable</b>	<u>3,176,516</u>	<u>-</u>	<u>(773,516)</u>	<u>2,403,000</u>	<u>426,000</u>	<u>1,977,000</u>
Compensated Absences	4,475,133	4,775,067	(4,264,178)	4,986,022	498,602	4,487,420
Capital Lease Obligations	2,123,308	-	(197,741)	1,925,567	197,741	1,727,826
Net Pension Liabilities	82,010,579	20,601,809	(8,309,911)	94,302,477	-	94,302,477
Net OPEB Liability (1)	25,387,030	2,265,224	(2,278,712)	25,373,542	-	25,373,542
Insurance Assessments Payable	1,635,143	-	(163,514)	1,471,629	163,514	1,308,115
Claims and Judgments	10,264,077	4,796,478	(1,778,609)	13,281,946	2,286,000	10,995,946
<b>Total Governmental     Activities</b>	<u>\$ 142,591,786</u>	<u>\$ 32,438,578</u>	<u>\$ (18,211,181)</u>	<u>\$ 156,819,183</u>	<u>\$ 4,011,857</u>	<u>\$ 152,807,326</u>

(1) Beginning balance of net OPEB liability has been restated for the cumulative effect of the implementation of GASB Statement No. 75.  
See Notes 10 and 11 for further details.

<u>Business-Type Activities</u>	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2018</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Compensated Absences	758,399	486,648	(573,945)	671,102	67,110	603,992
Capital Lease Obligations	10,566,647	-	(757,702)	9,808,945	757,704	9,051,241
Net Pension Liabilities	8,544,913	1,214,123	(4,450,753)	5,308,283	-	5,308,283
Net OPEB Liability (1)	4,726,970	421,776	(424,288)	4,724,458	-	4,724,458
<b>Total Business-Type     Activities</b>	<u>\$ 24,596,929</u>	<u>\$ 2,122,547</u>	<u>\$ (6,206,688)</u>	<u>\$ 20,512,788</u>	<u>\$ 824,814</u>	<u>\$ 19,687,974</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, 2018, \$73,851 in compensated absences, \$13,281,946 in claims and judgments, and \$1,471,629 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, 2018**

**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 1<sup>st</sup> 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 \$13,075,000 at June 30, 2018.

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

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	425,000	687,819	1,112,819
2024 - 2028	3,895,000	2,915,134	6,810,134
2029 - 2033	5,675,000	1,485,582	7,160,582
2034	1,350,000	82,026	1,432,026
<b>Total</b>	<b>\$ 13,075,000</b>	<b>\$ 8,175,366</b>	<b>\$ 21,250,366</b>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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 \$2,403,000 at June 30, 2018.

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

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	539,000	6,603	545,603
<b>Total</b>	<b>\$ 2,403,000</b>	<b>\$ 140,469</b>	<b>\$ 2,543,469</b>

***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 was 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 note was paid in full during the year ended June 30, 2018.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2018</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
<b>Bonds Payable:</b>						
2013A Tax Refunding Bonds - Atlantic-Garvey Project Redevelopment Project	\$ 11,095,000	\$ -	\$ (915,000)	\$ 10,180,000	\$ 965,000	\$ 9,215,000
2013B Tax Refunding Bonds - Merged Redevelopment Project	<u>5,935,000</u>	<u>-</u>	<u>(380,000)</u>	<u>5,555,000</u>	<u>400,000</u>	<u>5,155,000</u>
Subtotal	17,030,000	-	(1,295,000)	15,735,000	1,365,000	14,370,000
Add deferred amounts:						
Bond premium	<u>907,859</u>	<u>-</u>	<u>(93,417)</u>	<u>814,442</u>	<u>-</u>	<u>814,442</u>
<b>Total Bonds Payable</b>	<u>17,937,859</u>	<u>-</u>	<u>(1,388,417)</u>	<u>16,549,442</u>	<u>1,365,000</u>	<u>15,184,442</u>
<b>Loans and Notes Payable:</b>						
Tax Increment Deferred Loan - Atlantic/Garvey Project	10,541,542	737,907	-	11,279,449	-	11,279,449
Tax Increment Deferred Loan - Merged Project	49,504,371	3,326,595	-	52,830,966	-	52,830,966
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>
<b>Total Loans and Notes Payable</b>	<u>61,232,135</u>	<u>4,064,502</u>	<u>-</u>	<u>65,296,637</u>	<u>-</u>	<u>65,296,637</u>
<b>Advances from the City of Monterey Park</b>	<u>1,646,331</u>	<u>-</u>	<u>-</u>	<u>1,646,331</u>	<u>-</u>	<u>1,646,331</u>
<b>Total Successor Agency</b>	<u>\$ 80,816,325</u>	<u>\$ 4,064,502</u>	<u>\$ (1,388,417)</u>	<u>\$ 83,492,410</u>	<u>\$ 1,365,000</u>	<u>\$ 82,127,410</u>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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, 2018 totaled \$12,362,464. Interest paid for the current year is \$502,756, 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:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	1,175,000	242,756	1,417,756
2024 - 2027	4,850,000	423,059	5,273,059
<b>Total</b>	<b>\$ 10,180,000</b>	<b>\$ 2,182,464</b>	<b>\$ 12,362,464</b>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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, 2018 totaled \$7,108,002. Interest paid for the current year is \$274,331 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:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	480,000	167,081	647,081
2024 - 2028	2,740,000	477,722	3,217,722
2029	620,000	15,500	635,500
<b>Total</b>	<b>\$ 5,555,000</b>	<b>\$ 1,553,002</b>	<b>\$ 7,108,002</b>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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 \$11,279,449 at June 30, 2018.

***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 \$52,830,966 at June 30, 2018.

***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	236,221
	<u>\$ 1,186,221</u>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Machinery and Equipment	\$ 4,230,957	\$ -	\$ 4,230,957
Improvements	-	22,566,772	22,566,772
Subtotal	4,230,957	22,566,772	26,797,729
Less Accumulated Depreciation	(1,950,802)	(5,211,125)	(7,161,927)
<b>Total</b>	<b>\$ 2,280,155</b>	<b>\$ 17,355,647</b>	<b>\$ 19,635,802</b>

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Fiscal Year:</b>			
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	134,329	871,209	1,005,538
2024 - 2028	784,070	4,992,090	5,776,160
2029 - 2031	371,756	2,435,122	2,806,878
Subtotal	2,256,805	11,797,005	14,053,810
Less: Amount representing Interest	(331,238)	(1,988,060)	(2,319,298)
<b>Total</b>	<b>\$ 1,925,567</b>	<b>\$ 9,808,945</b>	<b>\$ 11,734,512</b>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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 \$240,940, and the Pacific Bridge Loan in the amount of \$405,762, described in Note 3 at June 30, 2018 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.

	<b>Amount</b>
<b>Due to Other Governmental Agencies:</b>	
CDBG Residential Rehabilitation Program	\$ 48,015
SERA Program	4,322
Pacific Housing Corporation Loan	240,940
Pacific Bridge Loan	405,762
<b>Total</b>	<b>\$ 699,039</b>

**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, 2018**

**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 7.15 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, 2018**

**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, 2016, the valuation date, the following employees were covered by the benefit terms

	<b>Plans</b>	
	<b>Miscellaneous</b>	<b>Safety</b>
Active employees	190	119
Transferred and terminated employees	329	108
Retired employees and beneficiaries	297	241
Total	816	468

*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, 2018**

**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, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability determined in the June 30, 2016 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	7.15%
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, 2016 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, 2017. 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, 2018**

**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 7.15 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 7.15 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 7.15 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, 2018**

**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, 2016.

<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	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
<b>Total</b>	<u>100.00%</u>		

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

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

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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.

	<b>Miscellaneous Plan</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a) - (b)</b>
Balance at June 30, 2016 (Measurement Date)	\$ 120,378,208	\$ 83,240,888	\$ 37,137,320
Changes Recognized for the Measurement Period:			
Service cost	2,228,391	-	2,228,391
Interest on the total pension liability	8,924,469	-	8,924,469
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(1,360,108)	-	(1,360,108)
Changes in assumptions	7,347,650	-	7,347,650
Plan to Plan resource movement	-	-	-
Contributions from the employer	-	3,511,958	(3,511,958)
Contributions from employees	-	907,755	(907,755)
Net investment income	-	9,552,250	(9,552,250)
Benefit payments, including refunds of employee contributions	(5,324,401)	(5,324,401)	-
Administrative expenses	-	(122,900)	122,900
Net Changes during July 1, 2016 to June 30, 2017	11,816,001	8,524,662	3,291,339
Balance at June 30, 2017 (Measurement Date)	\$ 132,194,209	\$ 91,765,550	\$ 40,428,659

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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, 2016 (Measurement Date)	\$ 186,050,773	\$ 135,559,601	\$ 50,491,172
Changes Recognized for the Measurement Period:			
Service cost	3,386,209	-	3,386,209
Interest on the total pension liability	13,751,245	-	13,751,245
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(2,485,932)	-	(2,485,932)
Changes in assumptions	11,578,272	-	11,578,272
Plan to Plan resource movement	-	-	-
Contributions from the employer	-	4,231,618	(4,231,618)
Contributions from employees	-	1,181,754	(1,181,754)
Net investment income	-	15,234,638	(15,234,638)
Benefit payments, including refunds of employee contributions	(9,022,216)	(9,022,216)	-
Administrative expenses	-	(200,145)	200,145
Net Changes during July 1, 2016 to June 30, 2017)	17,207,578	11,425,649	5,781,929
Balance at June 30, 2017 (Measurement Date)	\$ 203,258,351	\$ 146,985,250	\$ 56,273,101

**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 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 58,204,953	\$ 84,360,604
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 40,428,659	\$ 56,273,101
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 25,738,997	\$ 33,245,073

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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, 2017, the City incurred a pension expense/(income) of \$6,789,806 and \$7,587,636 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2017, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

<b>Miscellaneous Plan</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions made after the measurement date	\$ 4,555,991	\$ -
Difference between expected and actual experience	-	(757,419)
Changes of assumptions	3,848,769	-
Net differences between projected and actual earnings on pension plan investments	979,210	-
<b>Total</b>	<b>\$ 9,383,970</b>	<b>\$ (757,419)</b>
<b>Safety Plan</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions made after the measurement date	\$ 4,641,176	\$ -
Difference between expected and actual experience	-	(1,900,374)
Changes of assumptions	7,585,764	-
Net differences between projected and actual earnings on pension plan investments	1,887,812	-
<b>Total</b>	<b>\$ 14,114,752</b>	<b>\$ (1,900,374)</b>

The amounts above are net of outflows and inflows recognized in the 2016-17 measurement period expense.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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 2016-17 measurement period is 2.1 and 2.9 years, respectively, which was obtained by dividing the total service years of 1,683 and 1,336 (the sum of remaining service lifetimes of the active employees), respectively, by 816 and 468 (the total number of participants: active, inactive, and retired), respectively.

For the miscellaneous plan and safety plan, \$4,555,991 and \$4,641,176, 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<b>Measurement Period Year Ending June 30,</b>	<b>Amounts</b>	
	<b>Miscellaneous Plan</b>	<b>Safety Plan</b>
2017	\$ 2,727,444	\$ 2,768,215
2018	1,620,001	5,127,979
2019	453,405	814,323
2020	(730,290)	(1,137,315)
2021	-	-
Thereafter	-	-

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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, 2018, which was determined as part of the June 30, 2016 actuarial valuation.

**Net Pension Liability**

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability to June 30, 2018 based on actual benefit payments.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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, 2017
Actuarial Assumptions:	
Discount Rate	4.50%
Expected Long-term Rate of Return on Investment	4.50%
Inflation	2.75%
Mortality Rate	CalPERS 1997-2015 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 4.50% for June 30, 2017 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 4.50% discount rate.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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.

	<b>Increase (Decrease)</b>		
	<b>Total</b>	<b>Plan</b>	<b>Net Pension</b>
	<b>Pension</b>	<b>Fiduciary</b>	<b>Liability</b>
	<b>Liability</b>	<b>Net Position</b>	<b>(Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a) - (b)</b>
Balance at June 30, 2017	\$ 5,996,000	\$ 3,069,000	\$ 2,927,000
Changes Recognized for the Measurement Period:			
Service cost	-	-	-
Interest on the total pension liability	269,000	-	269,000
Changes in benefit terms	-	-	-
Differences between expected and actual experience	170,000	-	170,000
Changes in assumptions	377,000	-	377,000
Contributions from the employer	-	950,000	(950,000)
Contributions from employees	-	-	-
Net investment income	-	(98,000)	98,000
Benefit payments, including refunds	(659,000)	(659,000)	-
Administrative Expense	-	(18,000)	18,000
Net Changes	<u>157,000</u>	<u>175,000</u>	<u>(18,000)</u>
Balance at June 30, 2018 (Measurement Date)	<u>\$ 6,153,000</u>	<u>\$ 3,244,000</u>	<u>\$ 2,909,000</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 4.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.50%) or 1 percentage-point higher (5.50%) than the current rate:

1% Decrease	3.50%
Net Pension Liability	\$ 3,398,000
Current Discount Rate	4.50%
Net Pension Liability	\$ 2,909,000
1% Increase	5.50%
Net Pension Liability	\$ 2,485,000

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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, 2018, the City incurred a pension expense/(income) of \$774,000 for MMRP. As of measurement date of June 30, 2018, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	347,000	-
<b>Total</b>	<b>\$ 347,000</b>	<b>\$ -</b>

The amounts above are net of outflows and inflows recognized in the 2017-18 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:

<b>Measurement Period Ending June 30,</b>	<b>Amount</b>
2019	\$ 114,000
2020	102,000
2021	75,000
2022	56,000
2023	-
Thereafter	-

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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, 2018, 207 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 \$128,999 and covered payroll for the year ended June 30, 2018 totaled \$1,719,987. The City contributed \$68,799 (4% of current covered payroll) and employees contributed \$60,200 (3.5% of current covered payroll). Total plan assets at June 30, 2018 were \$831,754. 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**

**A. *Plan Description***

In addition to the pension benefits, the City provides postretirement medical insurance benefits, in accordance with contractual provisions of the various Memoranda of Understanding with the City's recognized employee organizations, to all vested employees who retire with CalPERS pension benefits immediately upon termination of employment from the City. The City has established a California Retiree Benefit Trust (CERBT), an agent-multiple employer trust which CalPERS serves as trustee. 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 (implied subsidy).

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**11. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**A. Plan Description, Continued**

Members are eligible for the following benefits:

	<u>General</u>	<u>Management</u>	<u>Safety</u>
Benefit Types Provided	Medical Only	Medical Only	Medical Only
Duration of Benefits	Lifetime	Lifetime	Lifetime
Minimum Age	50	50	50
Dependent Coverage	Yes	Yes	Yes
Required Years of Service	5 Years	5 Years	5 Years
City Contribution %	100%	100%	100%
City Cap:			
Calendar Year 2017	\$340-\$1,000 per month	\$435-\$1,200	\$346-\$1,200
Calendar Year 2018	\$340-\$1,125 per month	\$435-\$1,375	\$346-\$1,325

Employees Covered

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

Inactive employees or beneficiaries currently receiving benefits	232
Inactive employees or beneficiaries entitled to but not yet receiving benefits	59
Active employees	286
	<u>577</u>

Contributions

The contribution requirements are established and amended by the City. The contribution is based on pay-as-you-go financing requirements. The City contributes between \$340 and \$1,375 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. 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.

For the year ended June 30, 2018, the City's contributions to the plan included \$985,000 to the irrevocable CERBT, an implied subsidy of \$266,000, and \$1,314,000 as the pay-as-you-go portion, resulting in total contributions of \$2,565,000. The contributions to the OPEB plan are generally made from the general fund.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**11. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**B. Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2017 using an annual actuarial valuation as of June 30, 2017. Updated procedures were used to roll back the total OPEB liability from the valuation date (June 30, 2017) to the prior measurement date (June 30, 2016). A summary of the principal assumptions and methods used to determine the net OPEB liability is shown below.

Actuarial Assumptions

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

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Contribution Policy	Pre-funded through CERBT with Strategy 1 asset allocation.
Actuarial Assumptions:	
Discount Rate	6.5% at June 30, 2017 and 6.5% at June 30, 2016
Inflation	2.75%
Cap Increase	All except Executive Management, CM and Elected Officials - 0% until end of current MOV, 5% every 3 years thereafter. Executive Management, CM and Elected Officials - 5% per year.
Expected long term investment rate of return	6.75%
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years
Mortality, Retirement, Disability, Termination	CalPERS 1997-2011 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-16

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**11. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**B. Total OPEB Liability, Continued**

Actuarial Assumptions, Continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
CERBT Strategy 1:		
Global Equity	57.00%	4.82%
Fixed Income	27.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
Real Estate Investment Trusts	8.00%	3.76%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**11. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**C. Changes in the Net OPEB Liability**

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
<b>Balance at June 30, 2016 (Measurement Date)</b>	\$ 33,784,000	\$ 3,670,000	\$ 30,114,000
<b>Changes in the Year:</b>			
Service cost	956,000	-	956,000
Interest on the total OPEB liability	2,204,000	-	2,204,000
Contributions - employer	-	2,703,000	(2,703,000)
Net investment income	-	476,000	(476,000)
Benefit payments	(1,653,000)	(1,653,000)	-
Administrative expenses		(2,000)	2,000
<b>Net Changes</b>	<u>1,507,000</u>	<u>1,524,000</u>	<u>(17,000)</u>
<b>Balance at June 30, 2017 (Measurement Date)</b>	<u>\$ 35,291,000</u>	<u>\$ 5,194,000</u>	<u>\$ 30,097,000</u>

**Change of Assumptions**

There were no changes of assumptions.

**Change of Benefit Terms**

There were no changes of benefit terms.

**Subsequent Events**

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

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability	\$ 34,983,000	\$ 30,098,000	\$ 26,100,000

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**11. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**C. Changes in the Net OPEB Liability, Continued**

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 28,404,000	\$ 30,098,000	\$ 32,018,000

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$2,869,000. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 2,565,000	\$ -
Differences between projected and actual earnings	-	182,400
Total	\$ 2,565,000	\$ 182,400

The differences between projected and actual earnings on plan investments is amortized over five years.

\$2,565,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ (45,600)
2020	(45,600)
2021	(45,600)
2022	(45,600)
2023	-
Thereafter	-

Payable to the OPEB Plan

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

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**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.

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. At June 30, 2018, the assessment liability balance was \$1,471,629.

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.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**12. RISK MANAGEMENT, CONTINUED**

At June 30, 2018 total estimated claims payable were as follows:

General Liability	\$ 3,581,174
Workers' Compensation	<u>9,700,772</u>
Total	<u><u>\$ 13,281,946</u></u>

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

	2018	2017	2016
Claims Liabilities - Beginning Balance	\$ 10,264,077	\$ 9,364,303	\$ 8,841,343
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	4,796,478	2,851,077	2,213,786
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(1,778,609)</u>	<u>(1,951,303)</u>	<u>(1,690,826)</u>
Claims Liabilities - Ending Balance	<u><u>\$ 13,281,946</u></u>	<u><u>\$ 10,264,077</u></u>	<u><u>\$ 9,364,303</u></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.

**13. OTHER REQUIRED DISCLOSURES**

***Deficit Net Position***

**Fund Financial Statements**

At June 30, 2018, deficit net position was reported for the Workers' Compensation Internal Service Fund in the amount of \$(5,141,546). 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, 2018, deficit net position was reported for the General Liability Internal Service Fund in the amount of \$(2,667,911). 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.

At June 30, 2018, deficit net position was reported for the Successor Agency Private-Purpose Trust Fund in the amount of \$(81,828,624). 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.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**13. OTHER REQUIRED DISCLOSURES, CONTINUED**

*Excess of Expenditures over Appropriations*

Total expenditures exceeded budgeted appropriation in the following funds.

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Nonmajor Special Revenue Governmental Funds:			
Public Safety Augmentation	\$ 670,000	\$ 717,899	\$ (47,899)
Special Revenue Library Tax	996,616	1,019,433	(22,817)

**14. FUND BALANCE CLASSIFICATIONS**

	<b>Major Funds</b>				<b>Nonmajor Governmental</b>	<b>Totals</b>
	<b>General</b>	<b>Special Revenue Funds</b>				
		<b>Grants</b>	<b>Retirement/ Pension</b>	<b>Housing</b>		
<b>Nonspendable:</b>						
Prepaid items	\$ 74,939	\$ -	\$ -	\$ -	\$ -	\$ 74,939
Advances to other funds	-	-	-	-	-	-
<b>Total Nonspendable</b>	<b>74,939</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,939</b>
<b>Restricted:</b>						
Housing	-	-	-	2,439,335	-	2,439,335
<b>Grants:</b>						
Public safety	-	273,128	-	-	-	273,128
Economic development	-	635,262	-	-	-	635,262
Other projects under \$300,000 in aggregate	-	130,659	-	-	-	130,659
Retirement	-	-	8,998,909	-	-	8,998,909
OPA Proposition A	-	-	-	-	3,206,794	3,206,794
State Gas Tax	-	-	-	-	1,484,635	1,484,635
Proposition C	-	-	-	-	922,137	922,137
Air Quality Improvement	-	-	-	-	235,681	235,681
Asset Forfeiture	-	-	-	-	381,700	381,700
Business Improvement Area #1	-	-	-	-	153,344	153,344
Maintenance District 93-1	-	-	-	-	35,148	35,148
Measure R	-	-	-	-	1,300,973	1,300,973
Measure M	-	-	-	-	648,937	648,937
SB1-RMRA	-	-	-	-	356,205	356,205
Park Facilities	-	-	-	-	392,348	392,348
Public Safety Impact	-	-	-	-	592,482	592,482
<b>Total Restricted</b>	<b>-</b>	<b>1,039,049</b>	<b>8,998,909</b>	<b>2,439,335</b>	<b>9,710,384</b>	<b>22,187,677</b>
<b>Committed:</b>						
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	-	-	-	-	437,426	437,426
<b>Total Committed</b>	<b>10,826,927</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>437,426</b>	<b>11,264,353</b>
<b>Assigned:</b>						
City capital improvements	15,064,826	-	-	-	-	15,064,826
<b>Total Assigned</b>	<b>15,064,826</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,064,826</b>
<b>Unassigned:</b>						
General Fund	3,994,828	-	-	-	-	3,994,828
<b>Total Unassigned</b>	<b>3,994,828</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,994,828</b>
<b>Total Fund Balances</b>	<b>\$ 29,961,520</b>	<b>\$ 1,039,049</b>	<b>\$ 8,998,909</b>	<b>\$ 2,439,335</b>	<b>\$ 10,147,810</b>	<b>\$ 52,586,623</b>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2018**

**15. SUBSEQUENT EVENTS**

On September 5, 2018, the City Council approved a lease-purchase financing agreement for acquiring a Fire Ladder Truck and two Fire Engines. The principal financed amount is \$2,618,000 with a seven-year term tax-exempt fixed rate of 3.189% from Banc of America Public Capital Corp. The debt service payment is \$420,257 from the City's Shop Internal Service Fund for seven years, starting from March 2019 through September 2025. Each year, the fixed annual debt service payment will be committed through the budget appropriation.

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

**16. RESTATEMENT**

Net Position

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

	Governmental Activities	Business-type Activities	Totals
Net position at July 1, 2017, as originally reported	\$ 6,192,123	\$ 46,661,659	\$ 52,853,782
Implementation of GASB Statement 75 to record the net OPEB liability as of the beginning of the year	<u>(11,129,938)</u>	<u>(3,324,507)</u>	<u>(14,454,445)</u>
Net position at July 1, 2017, as restated	<u>\$ (4,937,815)</u>	<u>\$ 43,337,152</u>	<u>\$ 38,399,337</u>

Restatement of the Statement of Revenues, Expenses and Changes in Fund Net Position of Proprietary Funds of July 1, 2017 is as follows:

	Water Utility Enterprise Fund	Refuse Enterprise Fund	Sewer Enterprise Fund	Totals
Net position at July 1, 2017, as originally reported	\$ 42,399,766	\$ 425,172	\$ 6,256,299	\$ 49,081,237
Implementation of GASB Statement 75 to record the net OPEB liability as of the beginning of the year	<u>(2,371,371)</u>	<u>(351,542)</u>	<u>(601,594)</u>	<u>(3,324,507)</u>
Net position at July 1, 2017, as restated	<u>\$ 40,028,395</u>	<u>\$ 73,630</u>	<u>\$ 5,654,705</u>	<u>\$ 45,756,730</u>



*Required Supplementary  
Information*

**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, 2018**

**Last Ten Fiscal Years<sup>1</sup>**

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

Fiscal Year Ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total pension liability</b>				
Service cost	\$ 2,228,391	\$ 2,069,087	\$ 1,980,088	\$ 1,910,429
Interest	8,924,469	8,653,522	8,290,095	7,992,845
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(1,360,108)	(944,621)	(1,849,112)	-
Changes of assumptions	7,347,650	-	(2,040,465)	-
Benefit payments, including refunds of employee contributions	(5,324,401)	(4,855,567)	(4,383,243)	(4,121,783)
<b>Net change in total pension liability</b>	<b>11,816,001</b>	<b>4,922,421</b>	<b>1,997,363</b>	<b>5,781,491</b>
<b>Total pension liability - beginning</b>	<b>120,378,208</b>	<b>115,455,787</b>	<b>113,458,424</b>	<b>107,676,933</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 132,194,209</b>	<b>\$ 120,378,208</b>	<b>\$ 115,455,787</b>	<b>\$ 113,458,424</b>
<b>Pension fiduciary net position</b>				
Contributions - employer	\$ 3,511,958	\$ 3,019,357	\$ 2,466,015	\$ 2,203,100
Contributions - employee	907,755	917,401	940,132	838,784
Net investment income <sup>2</sup>	9,429,350	385,286	1,789,784	12,387,447
Benefit payments, including refunds of employee contributions	(5,324,401)	(4,855,567)	(4,383,243)	(4,121,783)
<b>Net change in plan fiduciary net position</b>	<b>8,524,662</b>	<b>(533,523)</b>	<b>812,688</b>	<b>11,307,548</b>
<b>Plan fiduciary net position - beginning</b>	<b>83,240,880</b>	<b>83,774,403</b>	<b>82,961,715</b>	<b>71,654,167</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 91,765,542</b>	<b>\$ 83,240,880</b>	<b>\$ 83,774,403</b>	<b>\$ 82,961,715</b>
<b>Plan net pension liability - ending (a) - (b)</b>	<b>\$ 40,428,667</b>	<b>\$ 37,137,328</b>	<b>\$ 31,681,384</b>	<b>\$ 30,496,709</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>69.42%</b>	<b>69.15%</b>	<b>72.56%</b>	<b>73.12%</b>
<b>Covered-employee payroll</b>	<b>\$ 11,093,630</b>	<b>\$ 11,429,792</b>	<b>\$ 11,412,611</b>	<b>\$ 10,708,680</b>
<b>Plan net pension liability as a percentage of covered-employee payroll</b>	<b>364.43%</b>	<b>324.92%</b>	<b>277.60%</b>	<b>284.78%</b>

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

<sup>2</sup> 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 2017, the discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent. 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, 2018**

**Last Ten Fiscal Years<sup>1</sup>**

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

Fiscal Year Ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total pension liability</b>				
Service cost	\$ 3,386,209	\$ 2,947,888	\$ 2,923,036	\$ 3,003,645
Interest	13,751,245	13,417,480	12,911,065	12,482,279
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(2,485,932)	(950,812)	(1,936,767)	-
Changes of assumptions	11,578,272	-	(3,224,562)	-
Benefit payments, including refunds of employee contributions	<u>(9,022,216)</u>	<u>(8,465,095)</u>	<u>(8,086,742)</u>	<u>(7,798,383)</u>
<b>Net change in total pension liability</b>	17,207,578	6,949,461	2,586,030	7,687,541
<b>Total pension liability - beginning</b>	<u>186,050,773</u>	<u>179,101,312</u>	<u>176,515,282</u>	<u>168,827,741</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 203,258,351</u>	<u>\$ 186,050,773</u>	<u>\$ 179,101,312</u>	<u>\$ 176,515,282</u>
<b>Pension fiduciary net position</b>				
Contributions - employer	\$ 4,231,618	\$ 3,647,109	\$ 3,220,567	\$ 2,924,318
Contributions - employee	1,181,754	1,075,386	1,046,298	1,022,948
Net investment income <sup>2</sup>	15,034,493	609,810	2,899,577	21,032,695
Benefit payments, including refunds of employee contributions	<u>(9,022,216)</u>	<u>(8,465,095)</u>	<u>(8,086,742)</u>	<u>(7,798,383)</u>
<b>Net change in plan fiduciary net position</b>	11,425,649	(3,132,790)	(920,300)	17,181,578
<b>Plan fiduciary net position - beginning</b>	<u>135,559,597</u>	<u>138,692,387</u>	<u>139,612,687</u>	<u>122,431,109</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 146,985,246</u>	<u>\$ 135,559,597</u>	<u>\$ 138,692,387</u>	<u>\$ 139,612,687</u>
<b>Plan net pension liability - ending (a) - (b)</b>	<u>\$ 56,273,105</u>	<u>\$ 50,491,176</u>	<u>\$ 40,408,925</u>	<u>\$ 36,902,595</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<u>72.31%</u>	<u>72.86%</u>	<u>77.44%</u>	<u>79.09%</u>
<b>Covered-employee payroll</b>	<u>\$ 12,149,124</u>	<u>\$ 11,565,157</u>	<u>\$ 11,541,643</u>	<u>\$ 11,410,291</u>
<b>Net pension liability as a percentage of covered-employee payroll</b>	<u>463.19%</u>	<u>436.58%</u>	<u>350.11%</u>	<u>323.42%</u>

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

<sup>2</sup> 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 2017, the discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent. 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, 2018**

**Last Ten Fiscal Years<sup>1</sup>**

**Massachusetts Mutual Retirement Plan (MMRP)**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>Fiscal year ended/Measurement period ended</b>				
<b>Total pension liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	269,000	287,000	305,004	321,000
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	170,000	-	-	(53,000)
Changes of assumptions	377,000	-	-	76,000
Benefit payments, including refunds of employee contributions	<u>(659,004)</u>	<u>(666,000)</u>	<u>(691,000)</u>	<u>(702,000)</u>
<b>Net change in total pension liability</b>	156,996	(379,000)	(385,996)	(358,000)
<b>Total pension liability - beginning</b>	<u>5,996,004</u>	<u>6,375,004</u>	<u>6,761,000</u>	<u>7,119,000</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 6,153,000</u></u>	<u><u>\$ 5,996,004</u></u>	<u><u>\$ 6,375,004</u></u>	<u><u>\$ 6,761,000</u></u>
<b>Pension fiduciary net position</b>				
Contributions - employer	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000
Contributions - employee	-	-	-	-
Net investment income	(98,000)	53,000	(12,000)	57,000
Benefit payments, including refunds of employee contributions	(659,000)	(666,000)	(691,000)	(702,000)
Administrative expense	(18,000)	(15,000)	(14,000)	(16,000)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	175,000	322,000	233,000	289,000
<b>Plan fiduciary net position - beginning</b>	<u>3,069,000</u>	<u>2,747,000</u>	<u>2,514,000</u>	<u>2,225,000</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 3,244,000</u></u>	<u><u>\$ 3,069,000</u></u>	<u><u>\$ 2,747,000</u></u>	<u><u>\$ 2,514,000</u></u>
<b>Plan's net pension liability - ending (a) - (b)</b>	<u><u>\$ 2,909,000</u></u>	<u><u>\$ 2,927,004</u></u>	<u><u>\$ 3,628,004</u></u>	<u><u>\$ 4,247,000</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<u>52.72%</u>	<u>51.18%</u>	<u>43.09%</u>	<u>37.18%</u>
<b>Covered-employee payroll</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan's net pension liability as a percentage of covered-employee payroll</b>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

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

**Notes to Schedule:**

Benefit Changes: None.

Changes of Assumptions: For 2017-18, the discount rate is changed from 4.75% to 4.5%, inflation from 3% to 2.75%, and mortality is based on CalPERS 1997-2015 experience study. For 2014-15, the discount rate was 4.75%; inflation 3% and mortality was per CalPERS 1997-2011 experience study.

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions**  
**June 30, 2018**

**Last Ten Fiscal Years\***

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

Fiscal year ended	Miscellaneous			
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 3,272,991	\$ 3,125,350	\$ 2,764,898	\$ 2,466,015
Contributions in relation to the actuarially determined contributions	<u>(4,555,991)</u>	<u>(3,395,350)</u>	<u>(3,004,898)</u>	<u>(2,466,015)</u>
Contribution deficiency (excess)	<u>\$ (1,283,000)</u>	<u>\$ (270,000)</u>	<u>\$ (240,000)</u>	<u>\$ -</u>
Covered - employee payroll	\$ 11,745,064	\$ 11,093,630	\$ 11,429,792	\$ 11,412,611
Contributions as a percentage of covered-employee payroll	38.79%	30.61%	26.29%	21.61%

**Notes to Schedule:**

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Payroll growth	3.00%, compounded annually**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPRA 2% @ 62**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board as of the valuation date.**

\* - Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

\*\* - The valuation for June 30, 2012, 2013, 2014, and 2015 (applicable to fiscal years ended June 30, 2015, 2016, 2017, and 2018 respectively) included the same actuarial assumptions.

\*\*\* - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions, Continued**  
**June 30, 2018**

**Last Ten Fiscal Years\***

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 4,641,176	\$ 4,079,592	\$ 3,644,930	\$ 3,220,567
Contributions in relation to the actuarially determined contributions	<u>(4,641,176)</u>	<u>(4,079,592)</u>	<u>(3,644,930)</u>	<u>(3,220,567)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 11,847,348	\$ 12,149,124	\$ 11,565,157	\$ 11,541,643
Contributions as a percentage of covered - employee payroll	39.17%	33.58%	31.52%	27.90%

**Notes to Schedule:**

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Payroll growth	3.00%, compounded annually**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPRA 2% @ 62**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board as of the valuation date.**

\* - Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

\*\* - The valuation for June 30, 2012, 2013, 2014, and 2015 (applicable to fiscal years ended June 30, 2015, 2016, 2017, and 2018 respectively) included the same actuarial assumptions.

\*\*\* - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions, Continued**  
**June 30, 2018**

**Last Ten Fiscal Years<sup>1</sup>**

**Massachusetts Mutual Retirement Plan (MMRP)**

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 961,000	\$ 961,000	\$ 950,000	\$ 950,000
Contributions in relation to the actuarially determined contribution	(950,000)	(950,000)	(950,000)	(950,000)
Contribution deficiency (excess)	\$ 11,000	\$ 11,000	\$ -	\$ -
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	n/a	n/a	n/a	n/a

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

**Notes to Schedule:**

Valuation Date 6/30/2017      6/30/2015      6/30/2015      6/30/2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	4.1 years (closed) first start of June 30, 2016 UAAL for FY 2016-17 ADC (3.1 years for 2017-18 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	4.50%
Expected long-term rate of return on plan investment	4.50%
Municipal bond rate	2.75%
General inflation	2%; PPPA valued for each annuitant
Mortality	CalPERS 1997-2015 experience study. Fully generational projection with Scale AA

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**June 30, 2018**

**Last Ten Fiscal Years<sup>1</sup>**

Fiscal year ended	<u>June 30, 2018</u>
Measurement period	June 30, 2017
<b>Total OPEB liability</b>	
Service cost	\$ 956,000
Interest	2,204,000
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(1,653,000)</u>
<b>Net change in total pension liability</b>	1,507,000
<b>Total pension liability - beginning</b>	<u>33,784,000</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 35,291,000</u></u>
<b>Pension fiduciary net position</b>	
Contributions - employer	\$ 2,703,000
Net investment income <sup>2</sup>	475,000
Benefit payments, including refunds of employee contributions	(1,653,000)
Administrative expense	(2,000)
Other	<u>-</u>
<b>Net change in plan fiduciary net position</b>	1,523,000
<b>Plan fiduciary net position - beginning</b>	<u>3,670,000</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 5,193,000</u></u>
<b>Plan's net pension liability - ending (a) - (b)</b>	<u><u>\$ 30,098,000</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<u><u>14.71%</u></u>
<b>Covered-employee payroll</b>	<u><u>\$ 27,659,000</u></u>
<b>Plan's net pension liability as a percentage of covered-employee payroll</b>	<u><u>108.82%</u></u>

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

<sup>2</sup> Net of administrative expenses.

**Notes to Schedule:**

Benefit Changes: None

Changes of Assumptions: None

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions**  
**June 30, 2018**

**Last Ten Fiscal Years<sup>1</sup>**

**Other Post Employment Benefit Plan**

	June 30, 2018
Actuarially determined contribution	\$ 2,855,000
Contributions in relation to the actuarially determined contribution	(2,565,000)
Contribution deficiency (excess)	\$ 290,000
Covered-employee payroll	\$ 28,530,000
Contributions as a percentage of covered-employee payroll	8.99%

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, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Discount rate	6.50%
Inflation	2.75%
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years. Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years.
Mortality	CalPERS 1997-2011 experience study. Mortality projected fully generational with Scale MP-16.

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2018**

	General Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 28,602,500	\$ 28,602,500	\$ 28,043,648	\$ (558,852)
Licenses and permits	3,583,400	3,583,400	2,729,412	(853,988)
Charges for services	5,908,796	5,908,796	6,377,649	468,853
Revenues from use of money and property	1,134,795	1,134,795	1,504,470	369,675
Fines and forfeitures	626,000	626,000	625,594	(406)
Other revenue	1,107,700	1,107,700	1,738,904	631,204
Total Revenues	<u>40,963,191</u>	<u>40,963,191</u>	<u>41,019,677</u>	<u>56,486</u>
Expenditures:				
Current:				
General government	5,348,731	5,189,202	4,522,536	666,666
Public safety	24,124,209	24,365,290	24,368,744	(3,454)
Community development	1,785,713	1,962,924	1,585,097	377,827
Culture and recreation	5,622,062	6,136,471	5,573,809	562,662
Highways and streets	939,328	996,059	942,285	53,774
Capital outlay	708,106	4,902,881	1,578,495	3,324,386
Debt service:				
Principal retirement	57,153	57,152	57,152	-
Interest and fiscal charges	42,015	42,014	42,014	-
Total Expenditures	<u>38,627,317</u>	<u>43,651,993</u>	<u>38,670,132</u>	<u>4,981,861</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,335,874</u>	<u>(2,688,802)</u>	<u>2,349,545</u>	<u>5,038,347</u>
Other Financing Sources (Uses):				
Transfers in	-	-	66,880	66,880
Transfers out	<u>(2,100,000)</u>	<u>(2,600,000)</u>	<u>(2,657,712)</u>	<u>(57,712)</u>
Total Other Financing Sources (Uses)	<u>(2,100,000)</u>	<u>(2,600,000)</u>	<u>(2,590,832)</u>	<u>9,168</u>
Extraordinary Item	-	-	-	-
Net Change in Fund Balance	<u>\$ 235,874</u>	<u>\$ (5,288,802)</u>	<u>(241,287)</u>	<u>\$ 5,047,515</u>
Fund Balance, Beginning of Year			<u>30,202,807</u>	
Fund Balance, End of Year			<u>\$ 29,961,520</u>	

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Special Revenue Grants Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2018**

	Special Revenue Grants Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 2,337,084	\$ 4,626,468	\$ 2,927,646	\$ (1,698,822)
Revenues from use of money and property	-	-	100,297	100,297
<b>Total Revenues</b>	<b>2,337,084</b>	<b>4,626,468</b>	<b>3,027,943</b>	<b>(1,598,525)</b>
Expenditures:				
Current:				
General government	1,300	1,300	-	1,300
Public safety	479,811	628,031	380,970	247,061
Community development	1,363,960	1,349,152	391,234	957,918
Culture and recreation	222,160	254,394	211,127	43,267
Highways and streets	32,820	32,821	17,865	14,956
Capital outlay	295,000	1,344,809	822,549	522,260
Debt service:				
Principal retirement	510,319	510,318	510,318	-
Interest and fiscal charges	50,638	50,637	50,637	-
<b>Total Expenditures</b>	<b>2,956,008</b>	<b>4,171,462</b>	<b>2,384,700</b>	<b>1,786,762</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>(618,924)</b>	<b>455,006</b>	<b>643,243</b>	<b>188,237</b>
Other Financing Uses:				
Transfers in	-	-	59,005	59,005
Transfers out	-	-	(66,880)	(66,880)
<b>Total Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>(7,875)</b>	<b>(7,875)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (618,924)</b>	<b>\$ 455,006</b>	<b>635,368</b>	<b>\$ 180,362</b>
Fund Balance, Beginning of Year, as Restated			403,591	
Fund Balance, End of Year			<b>\$ 1,038,959</b>	

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Special Revenue Retirement/Pension Liability Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2018**

	Special Revenue Retirement/Pension Liability			
	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	
Revenues:				
Taxes	\$ 6,986,000	\$ 6,986,000	\$ 6,950,613	\$ (35,387)
Revenues from use of money and property	-	-	6,851	6,851
Total Revenues	6,986,000	6,986,000	6,957,464	(28,536)
Expenditures:				
Current:				
General government	1,346,445	1,348,689	2,623,756	(1,275,067)
Public safety	5,721,796	5,723,028	4,355,675	1,367,353
Community development	321,782	323,610	412,437	(88,827)
Culture and recreation	681,278	687,331	638,162	49,169
Highways and streets	87,924	88,914	43,165	45,749
Debt service:				
Principal retirement	445,000	445,000	445,000	-
Interest and fiscal charges	816,058	816,057	816,057	-
Total Expenditures	9,420,283	9,432,629	9,334,252	98,377
Excess (Deficiency) of Revenues Over Expenditures	(2,434,283)	(2,446,629)	(2,376,788)	69,841
Other Financing Sources:				
Transfers in	2,100,000	2,600,000	2,100,000	(500,000)
Total Other Financing Sources	2,100,000	2,600,000	2,100,000	(500,000)
Net Change in Fund Balance	\$ (334,283)	\$ 153,371	(276,788)	\$ (430,159)
Fund Balance, Beginning of Year			9,275,697	
Fund Balance, End of Year			\$ 8,998,909	

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Special Revenue Housing Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2018**

	Special Revenue Housing			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Other revenue	\$ 68,671	\$ 68,671	\$ 17,881	\$ (50,790)
Total Revenues	68,671	68,671	17,881	(50,790)
Expenditures:				
Current:				
Community development	60,000	60,000	32,660	27,340
Total Expenditures	60,000	60,000	32,660	27,340
Excess (Deficiency) of Revenues Over Expenditures	8,671	8,671	(14,779)	(23,450)
Net Change in Fund Balance	\$ 8,671	\$ 8,671	(14,779)	\$ (23,450)
Fund Balance, Beginning of Year			2,454,115	
Fund Balance, End of Year			\$ 2,439,336	

**CITY OF MONTEREY PARK**  
**Notes to the Required Supplementary Information (Unaudited)**  
**June 30, 2018**

**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 2017-2018, the City Council approved a \$3,700,000 additional General Fund budgetary appropriation plus the re-budgeted Capital Improvement carryovers of \$1,599,031, a \$1,186,432 increase in the Special Revenue Grants Fund related to various grants received and \$27,723 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, 2018, based on calculations by City Management, proceeds of taxes did not exceed the appropriations limit.

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*Supplementary Information*

**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).

***SBI - RMRA Fund*** - used to account for the City's 12-cent per gallon gas tax began on November 2017 and new vehicle registration taxes began January 2018. The funds are to address basic road maintenance, rehabilitation and critical safety needson the local street and road system.

***Measure M Fund*** - used to account for the City's share of an additional half-cent sales tax that became effective on July 1, 2017. The funds are allocated to jurisdictions on a per capita basis. The funds are to improve transportation and ease traffic congestion.

**CITY OF MONTEREY PARK**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2018**

	Special Revenue Funds				
	Proposition A	Gas Tax	Bike Route	Proposition C	Air Quality Improvement
<u>Assets</u>					
Cash and investments	\$ 3,296,850	\$ 1,478,992	\$ 69,158	\$ 999,632	\$ 240,998
Accounts receivable	28	13,000	1,842	-	-
Interest receivable	8,341	3,711	-	2,398	613
Total Assets	\$ 3,305,219	\$ 1,495,703	\$ 71,000	\$ 1,002,030	\$ 241,611
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 86,907	\$ 67,684	\$ -	\$ 79,754	\$ 5,931
Accrued payroll	11,517	14,387	-	141	-
Deposits and advances	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	98,424	82,071	-	79,895	5,931
Fund Balances (Deficits):					
Restricted	3,206,795	1,413,632	71,000	922,135	235,680
Committed	-	-	-	-	-
Total Fund Balances (Deficits)	3,206,795	1,413,632	71,000	922,135	235,680
Total Liabilities and Fund Balances	\$ 3,305,219	\$ 1,495,703	\$ 71,000	\$ 1,002,030	\$ 241,611

**CITY OF MONTEREY PARK**  
**Combining Balance Sheet - Nonmajor Governmental Funds, Continued**  
**June 30, 2018**

	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	\$ 380,413	\$ 392,348	\$ 158,547	\$ 18,554	\$ 612,840
Accounts receivable	3,463	-	-	29,579	-
Interest receivable	969	-	399	-	-
Total Assets	<u>\$ 384,845</u>	<u>\$ 392,348</u>	<u>\$ 158,946</u>	<u>\$ 48,133</u>	<u>\$ 612,840</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 3,144	\$ -	\$ 5,602	\$ 2,666	\$ 18,496
Accrued payroll	-	-	-	10,318	1,862
Deposits and advances	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>3,144</u>	<u>-</u>	<u>5,602</u>	<u>12,984</u>	<u>20,358</u>
Fund Balances (Deficits):					
Restricted	381,701	392,348	153,344	35,149	592,482
Committed	-	-	-	-	-
Total Fund Balances (Deficits)	<u>381,701</u>	<u>392,348</u>	<u>153,344</u>	<u>35,149</u>	<u>592,482</u>
Total Liabilities and Fund Balances	<u>\$ 384,845</u>	<u>\$ 392,348</u>	<u>\$ 158,946</u>	<u>\$ 48,133</u>	<u>\$ 612,840</u>

(Continued)

**CITY OF MONTEREY PARK**  
**Combining Balance Sheet - Nonmajor Governmental Funds, Continued**  
**June 30, 2018**

	Special Revenue Funds				
	Public Safety Augmentation	Measure R	Library Tax	CERCLA Liability	SB1 - RMRA
<u>Assets</u>					
Cash and investments	\$ 25,956	\$ 1,456,027	\$ 3,260	\$ 435,049	\$ 301,846
Accounts receivable	126,876	-	11,326	1,243	53,571
Interest receivable	-	3,383	-	1,134	787
Total Assets	<u>\$ 152,832</u>	<u>\$ 1,459,410</u>	<u>\$ 14,586</u>	<u>\$ 437,426</u>	<u>\$ 356,204</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	\$ 157,510	\$ 2,857	\$ -	\$ -
Accrued payroll	-	927	3,260	-	-
Deposits and advances	-	41,986	-	-	-
Due to other funds	152,832	-	8,469	-	-
Total Liabilities	<u>152,832</u>	<u>200,423</u>	<u>14,586</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):					
Restricted	-	1,258,987	-	-	356,204
Committed	-	-	-	437,426	-
Total Fund Balances (Deficits)	<u>-</u>	<u>1,258,987</u>	<u>-</u>	<u>437,426</u>	<u>356,204</u>
Total Liabilities and Fund Balances	<u>\$ 152,832</u>	<u>\$ 1,459,410</u>	<u>\$ 14,586</u>	<u>\$ 437,426</u>	<u>\$ 356,204</u>

(Continued)

**CITY OF MONTEREY PARK**  
**Combining Balance Sheet - Nonmajor Governmental Funds, Continued**  
**June 30, 2018**

	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>Assets</u>	Measure M	
Cash and investments	\$ 647,251	\$ 10,517,721
Accounts receivable	-	240,928
Interest receivable	1,686	23,421
Total Assets	\$ 648,937	\$ 10,782,070
 <u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ -	\$ 430,551
Accrued payroll	-	42,412
Deposits and advances	-	41,986
Due to other funds	-	161,301
Total Liabilities	-	676,250
 Fund Balances (Deficits):		
Restricted	648,937	9,668,394
Committed	-	437,426
Total Fund Balances (Deficits)	648,937	10,105,820
Total Liabilities and Fund Balances	\$ 648,937	\$ 10,782,070

**CITY OF MONTEREY PARK**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue Funds				
	Proposition A	Gas Tax	Bike Route	Proposition C	Air Quality Improvement
Revenues:					
Taxes	\$ 1,254,069	\$ 1,235,394	\$ 71,000	\$ 946,834	\$ 78,604
Charges for services	79,925	-	-	-	-
Revenues from use of money and property	39,480	18,250	-	13,215	3,102
Fines and forfeitures	-	-	-	-	-
<b>Total Revenues</b>	<b>1,373,474</b>	<b>1,253,644</b>	<b>71,000</b>	<b>960,049</b>	<b>81,706</b>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Culture and recreation	10,603	-	-	-	-
Highways and streets	770,115	1,413,945	-	899,525	18,711
Health	-	-	-	-	-
Capital outlay	104,715	-	-	250,000	71,172
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total Expenditures</b>	<b>885,433</b>	<b>1,413,945</b>	<b>-</b>	<b>1,149,525</b>	<b>89,883</b>
Excess (Deficiency) of Revenues Over Expenditures	488,041	(160,301)	71,000	(189,476)	(8,177)
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	(1,293)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,293)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>486,748</b>	<b>(160,301)</b>	<b>71,000</b>	<b>(189,476)</b>	<b>(8,177)</b>
Fund Balances (Deficits), Beginning of Year	2,720,047	1,573,933	-	1,111,611	243,857
<b>Fund Balances (Deficits), End of Year</b>	<b>\$ 3,206,795</b>	<b>\$ 1,413,632</b>	<b>\$ 71,000</b>	<b>\$ 922,135</b>	<b>\$ 235,680</b>

**CITY OF MONTEREY PARK**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Nonmajor Governmental Funds, Continued**  
**For the Year Ended June 30, 2018**

	Special Revenue Funds				
	Asset Forfeiture	Park Facilities	Business Improvement Area #1	Maintenance District 93-1	Public Safety Impact Fee
Revenues:					
Taxes	\$ -	\$ -	\$ 68,761	\$ 980,356	\$ -
Charges for services	-	552,612	-	-	1,407,186
Revenues from use of money and property	9,485	-	-	-	-
Fines and forfeitures	52,534	-	2,005	-	-
<b>Total Revenues</b>	<b>62,019</b>	<b>552,612</b>	<b>70,766</b>	<b>980,356</b>	<b>1,407,186</b>
Expenditures:					
Current:					
Public safety	192,143	-	-	-	219,793
Community development	-	-	76,524	-	-
Culture and recreation	-	-	-	434,683	-
Highways and streets	-	-	-	582,420	-
Health	-	-	-	-	-
Capital outlay	48,234	601	-	2,329	267,861
Debt service:					
Principal retirement	31,271	-	-	-	-
Interest and fiscal charges	25,279	-	-	-	-
<b>Total Expenditures</b>	<b>296,927</b>	<b>601</b>	<b>76,524</b>	<b>1,019,432</b>	<b>487,654</b>
Excess (Deficiency) of Revenues Over Expenditures	(234,908)	552,011	(5,758)	(39,076)	919,532
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>(234,908)</b>	<b>552,011</b>	<b>(5,758)</b>	<b>(39,076)</b>	<b>919,532</b>
Fund Balances (Deficits), Beginning of Year	616,609	(159,663)	159,102	74,225	(327,050)
<b>Fund Balances (Deficits), End of Year</b>	<b>\$ 381,701</b>	<b>\$ 392,348</b>	<b>\$ 153,344</b>	<b>\$ 35,149</b>	<b>\$ 592,482</b>

(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, 2018**

	Special Revenue Funds				
	Public Safety Augmentation	Measure R	Library Tax	CERCLA Liability	SB1 - RMRA
Revenues:					
Taxes	\$ 717,900	\$ 710,918	\$ 504,874	\$ 118,961	\$ 354,017
Charges for services	-	-	-	-	-
Revenues from use of money and property	-	20,091	127	5,546	2,187
Fines and forfeitures	-	-	-	-	-
Total Revenues	<u>717,900</u>	<u>731,009</u>	<u>505,001</u>	<u>124,507</u>	<u>356,204</u>
Expenditures:					
Current:					
Public safety	717,900	-	-	-	-
Community development	-	-	-	-	-
Culture and recreation	-	-	113,279	-	-
Highways and streets	-	124,054	-	-	-
Health	-	-	-	160,000	-
Capital outlay	-	1,267,240	-	-	-
Debt service:					
Principal retirement	-	-	372,516	-	-
Interest and fiscal charges	-	-	10,679	-	-
Total Expenditures	<u>717,900</u>	<u>1,391,294</u>	<u>496,474</u>	<u>160,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(660,285)</u>	<u>8,527</u>	<u>(35,493)</u>	<u>356,204</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	-	(660,285)	8,527	(35,493)	356,204
Fund Balances (Deficits), Beginning of Year	<u>-</u>	<u>1,919,272</u>	<u>(8,527)</u>	<u>472,919</u>	<u>-</u>
Fund Balances (Deficits), End of Year	<u>\$ -</u>	<u>\$ 1,258,987</u>	<u>\$ -</u>	<u>\$ 437,426</u>	<u>\$ 356,204</u>

(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, 2018**

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>Measure M</u>	<u>Funds</u>
Revenues:		
Taxes	\$ 644,254	\$ 7,685,942
Charges for services	-	2,039,723
Revenues from use of money and property	4,683	116,166
Fines and forfeitures	-	54,539
Total Revenues	<u>648,937</u>	<u>9,896,370</u>
Expenditures:		
Current:		
Public safety	-	1,129,836
Community development	-	76,524
Culture and recreation	-	558,565
Highways and streets	-	3,808,770
Health	-	160,000
Capital outlay	-	2,012,152
Debt service:		
Principal retirement	-	403,787
Interest and fiscal charges	-	35,958
Total Expenditures	<u>-</u>	<u>8,185,592</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>648,937</u>	<u>1,710,778</u>
Other Financing Sources (Uses):		
Transfers in	-	-
Transfers out	-	(1,293)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,293)</u>
Net Changes in Fund Balances	648,937	1,709,485
Fund Balances (Deficits), Beginning of Year	<u>-</u>	<u>8,396,335</u>
Fund Balances (Deficits), End of Year	<u>\$ 648,937</u>	<u>\$ 10,105,820</u>

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Proposition A Fund**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 1,247,000	\$ 1,254,069	\$ 7,069
Charges for services	101,000	79,925	(21,075)
Revenues from use of money and property	9,000	39,480	30,480
Total Revenues	1,357,000	1,373,474	16,474
Expenditures:			
Current:			
Culture and recreation	19,100	10,603	8,497
Highways and streets	1,021,544	770,115	251,429
Capital outlay	207,832	104,715	103,117
Total Expenditures	1,248,476	885,433	363,043
Excess (Deficiency) of Revenues Over Expenditures	108,524	488,041	379,517
Other Financing Sources:			
Transfers out	-	(1,293)	(1,293)
Total Other Financing Sources	-	(1,293)	(1,293)
Net Change in Fund Balance	\$ 108,524	486,748	\$ 378,224
Fund Balance, Beginning of Year		2,720,047	
Fund Balance, End of Year		\$ 3,206,795	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Gas Tax Fund**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 1,290,446	\$ 1,235,394	\$ (55,052)
Revenues from use of money and property	<u>7,300</u>	<u>18,250</u>	<u>10,950</u>
Total Revenues	<u>1,297,746</u>	<u>1,253,644</u>	<u>(44,102)</u>
Expenditures:			
Current:			
Highways and streets	<u>1,650,913</u>	<u>1,413,945</u>	<u>236,968</u>
Total Expenditures	<u>1,650,913</u>	<u>1,413,945</u>	<u>236,968</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (353,167)</u>	<u>(160,301)</u>	<u>\$ 192,866</u>
Fund Balance, Beginning of Year		<u>1,573,933</u>	
Fund Balance, End of Year		<u>\$ 1,413,632</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Bike Route Fund**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 50,000	\$ 71,000	\$ 21,000
Total Revenues	<u>50,000</u>	<u>71,000</u>	<u>21,000</u>
Expenditures:			
Capital outlay	50,000	-	50,000
Total Expenditures	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>71,000</u>	<u>\$ 71,000</u>
Fund Balance, Beginning of Year		<u>-</u>	
Fund Balance, End of Year		<u>\$ 71,000</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Proposition C Fund**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 942,000	\$ 946,834	\$ 4,834
Revenues from use of money and property	7,000	13,215	6,215
Total Revenues	<u>949,000</u>	<u>960,049</u>	<u>11,049</u>
Expenditures:			
Current:			
Highways and streets	957,062	899,525	57,537
Capital outlay	<u>480,000</u>	<u>250,000</u>	<u>230,000</u>
Total Expenditures	<u>1,437,062</u>	<u>1,149,525</u>	<u>287,537</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (488,062)</u>	<u>(189,476)</u>	<u>\$ 298,586</u>
Fund Balance, Beginning of Year		<u>1,111,611</u>	
Fund Balance, End of Year		<u>\$ 922,135</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Air Quality Improvement Fund**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 80,000	\$ 78,604	\$ (1,396)
Revenues from use of money and property	1,500	3,102	1,602
Total Revenues	<u>81,500</u>	<u>81,706</u>	<u>206</u>
Expenditures:			
Current:			
Highways and streets	22,000	18,711	3,289
Capital outlay	<u>103,344</u>	<u>71,172</u>	<u>32,172</u>
Total Expenditures	<u>125,344</u>	<u>89,883</u>	<u>35,461</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (43,844)</u>	<u>\$ (8,177)</u>	<u>\$ 35,667</u>
Fund Balance, Beginning of Year		<u>243,857</u>	
Fund Balance, End of Year		<u>\$ 235,680</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Asset Forfeiture Fund**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Revenues from use of money and property	\$ 2,500	\$ 9,485	\$ 6,985
Fines and forfeitures	280,000	52,534	(227,466)
Total Revenues	<u>282,500</u>	<u>62,019</u>	<u>(220,481)</u>
Expenditures:			
Current:			
Public safety	198,830	192,143	6,687
Capital outlay	44,000	48,234	(4,234)
Debt service:			
Principal retirement	31,271	31,271	-
Interest and fiscal charges	25,280	25,279	1
Total Expenditures	<u>299,381</u>	<u>296,927</u>	<u>2,454</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (16,881)</u>	<u>(234,908)</u>	<u>\$ (218,027)</u>
Fund Balance, Beginning of Year		<u>616,609</u>	
Fund Balance, End of Year		<u>\$ 381,701</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Park Facilities Fund**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 400,000	\$ 552,612	\$ 152,612
Total Revenues	<u>400,000</u>	<u>552,612</u>	<u>152,612</u>
Expenditures:			
Capital outlay	<u>240,919</u>	<u>601</u>	<u>240,318</u>
Total Expenditures	<u>240,919</u>	<u>601</u>	<u>240,318</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 159,081</u>	<u>552,011</u>	<u>\$ 392,930</u>
Fund Balance (Deficit), Beginning of Year		<u>(159,663)</u>	
Fund Balance (Deficit), End of Year		<u>\$ 392,348</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Business Improvement Area #1 Fund**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 71,400	\$ 68,761	\$ (2,639)
Fines and forfeitures	1,000	2,005	1,005
Total Revenues	<u>72,400</u>	<u>70,766</u>	<u>(1,634)</u>
Expenditures:			
Current:			
Community development	116,400	76,524	39,876
Total Expenditures	<u>116,400</u>	<u>76,524</u>	<u>39,876</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (44,000)</u>	<u>(5,758)</u>	<u>\$ 38,242</u>
Fund Balance, Beginning of Year		<u>159,102</u>	
Fund Balance, End of Year		<u>\$ 153,344</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Maintenance District 93-1 Fund**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 979,153	\$ 980,356	\$ 1,203
Total Revenues	<u>979,153</u>	<u>980,356</u>	<u>1,203</u>
Expenditures:			
Current:			
Culture and recreation	393,314	434,683	(41,369)
Highways and streets	583,301	582,420	881
Capital outlay	<u>20,000</u>	<u>2,329</u>	<u>17,671</u>
Total Expenditures	<u>996,615</u>	<u>1,019,432</u>	<u>(22,817)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,462)</u>	<u>(39,076)</u>	<u>\$ (21,614)</u>
Fund Balance, Beginning of Year		<u>74,225</u>	
Fund Balance, End of Year		<u>\$ 35,149</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Public Safety Impact Fee Fund**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 837,000	\$ 1,407,186	\$ 570,186
Total Revenues	<u>837,000</u>	<u>1,407,186</u>	<u>570,186</u>
Expenditures:			
Current:			
Public safety	236,367	219,793	16,574
Capital outlay	<u>708,494</u>	<u>267,861</u>	<u>440,633</u>
Total Expenditures	<u>944,861</u>	<u>487,654</u>	<u>457,207</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (107,861)</u>	919,532	<u>\$ 1,027,393</u>
Fund Balance (Deficit), Beginning of Year		<u>(327,050)</u>	
Fund Balance (Deficit), End of Year		<u>\$ 592,482</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Public Safety Augmentation Fund**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	<u>\$ 670,000</u>	<u>\$ 717,900</u>	<u>\$ 47,900</u>
Total Revenues	<u>670,000</u>	<u>717,900</u>	<u>47,900</u>
Expenditures:			
Current:			
Public safety	<u>670,000</u>	<u>717,900</u>	<u>(47,900)</u>
Total Expenditures	<u>670,000</u>	<u>717,900</u>	<u>(47,900)</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, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 707,000	\$ 710,918	\$ 3,918
Revenues from use of money and property	10,000	20,091	10,091
Total Revenues	717,000	731,009	14,009
Expenditures:			
Current:			
Highways and streets	193,199	124,054	69,145
Capital outlay	2,241,860	1,267,240	974,620
Total Expenditures	2,435,059	1,391,294	1,043,765
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,718,059)	(660,285)	\$ 1,057,774
Fund Balance, Beginning of Year		1,919,272	
Fund Balance, End of Year		\$ 1,258,987	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Library Tax Fund**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 503,000	\$ 504,874	\$ 1,874
Revenues from use of money and property	300	127	(173)
Total Revenues	503,300	505,001	1,701
Expenditures:			
Current:			
Culture and recreation	153,473	113,279	40,194
Debt service:			
Principal retirement	372,517	372,516	1
Interest and fiscal charges	10,679	10,679	-
Total Expenditures	536,669	496,474	40,195
Excess (Deficiency) of Revenues Over Expenditures	\$ (33,369)	8,527	\$ 41,896
Fund Balance (Deficit), Beginning of Year		(8,527)	
Fund Balance (Deficit), End of Year		\$ -	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue CERCLA Liability Fund**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 132,000	\$ 118,961	\$ (13,039)
Revenues from use of money and property	4,000	5,546	1,546
Total Revenues	<u>136,000</u>	<u>124,507</u>	<u>(11,493)</u>
Expenditures:			
Current:			
Health	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Total Expenditures	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (24,000)</u>	<u>(35,493)</u>	<u>\$ (11,493)</u>
Fund Balance, Beginning of Year		<u>472,919</u>	
Fund Balance, End of Year		<u>\$ 437,426</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue SB1-RMRA Fund**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 423,958	\$ 354,017	\$ (69,941)
Revenues from use of money and property	<u>-</u>	<u>2,187</u>	<u>2,187</u>
Total Revenues	<u>423,958</u>	<u>356,204</u>	<u>(67,754)</u>
Expenditures:			
Current:			
Highways and streets	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total Expenditures	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 123,958</u>	<u>356,204</u>	<u>\$ 232,246</u>
Fund Balance, Beginning of Year		<u>-</u>	
Fund Balance, End of Year		<u>\$ 356,204</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Measure M Fund**  
**For the Year Ended June 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 644,254	\$ 644,254	\$ -
Revenues from use of money and property	-	4,683	4,683
Total Revenues	<u>644,254</u>	<u>648,937</u>	<u>4,683</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 644,254</u>	648,937	<u>\$ 4,683</u>
Fund Balance, Beginning of Year		<u>-</u>	
Fund Balance, End of Year		<u>\$ 648,937</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, 2018**

<u>Assets</u>	Water Operations Activity	Water Treatment Activity	Total
<b>Current Assets:</b>			
Cash and investments	\$ 7,473,076	\$ 10,188,208	\$ 17,661,284
Accounts receivable	2,716,221	5,309,998	8,026,219
Total Current Assets	<u>10,189,297</u>	<u>15,498,206</u>	<u>25,687,503</u>
<b>Noncurrent Assets:</b>			
Nondepreciable capital assets	536,940	7,623,184	8,160,124
Depreciable capital assets, net of accumulated depreciation	25,632,186	5,757,900	31,390,086
Total Noncurrent Assets	<u>26,169,126</u>	<u>13,381,084</u>	<u>39,550,210</u>
Total Assets	<u>36,358,423</u>	<u>28,879,290</u>	<u>65,237,713</u>
 <u>Deferred Outflows of Resources</u>			
Amounts related to pension plans	695,352	166,096	861,448
Amounts related to other post employment benefit plans	218,394	75,237	293,631
Total Deferred Outflows of Resources	<u>913,746</u>	<u>241,333</u>	<u>1,155,079</u>
 <u>Liabilities</u>			
<b>Current Liabilities:</b>			
Accounts payable	1,311,971	107,886	1,419,857
Accrued payroll	79,849	31,023	110,872
Deposits and advances	443,633	368,748	812,381
Capital lease obligations - due within one year	557,704	200,000	757,704
Compensated absences payable - due within one year	36,561	14,957	51,518
Total Current Liabilities	<u>2,429,718</u>	<u>722,614</u>	<u>3,152,332</u>
<b>Noncurrent Liabilities:</b>			
Capital lease obligation	8,851,242	199,999	9,051,241
Compensated absences payable	329,046	134,617	463,663
Net OPEB liability	2,562,658	882,841	3,445,499
Net pension liabilities	2,995,764	715,587	3,711,351
Total Non Current Liabilities	<u>14,738,710</u>	<u>1,933,044</u>	<u>16,671,754</u>
Total Liabilities	<u>17,168,428</u>	<u>2,655,658</u>	<u>19,824,086</u>
 <u>Deferred Inflows of Resources</u>			
Amounts related to pension plans	56,125	13,406	69,531
Amounts related to other post employment benefit plans	15,530	5,350	20,880
Total Deferred Inflows of Resources	<u>71,655</u>	<u>18,756</u>	<u>90,411</u>
 <u>Net Position</u>			
Net investment in capital assets	16,760,180	12,981,085	29,741,265
Unrestricted	3,271,906	13,465,124	16,737,030
Total Net Position	<u>\$ 20,032,086</u>	<u>\$ 26,446,209</u>	<u>\$ 46,478,295</u>
Adjustment to reflect the consolidation of internal service funds activities to related enterprise activity	<u>(2,956,654)</u>	<u>-</u>	<u>(2,956,654)</u>
Net Position Related to Water Utility Enterprise Activities	<u>\$ 17,075,432</u>	<u>\$ 26,446,209</u>	<u>\$ 43,521,641</u>

**CITY OF MONTEREY PARK**  
**Water Utility Enterprise Fund**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2018**

	Water Operations Activity	Water Treatment Activity	Total
Operating Revenues:			
Charges for services	\$ 10,232,445	\$ 3,804,487	\$ 14,036,932
Meter installations	176,466	-	176,466
Other revenue	81,965	971,279	1,053,244
<b>Total Operating Revenues</b>	<b>10,490,876</b>	<b>4,775,766</b>	<b>15,266,642</b>
Operating Expenses:			
Administration	2,486,334	-	2,486,334
Commercial - water	727,253	-	727,253
Production - water	2,204,027	-	2,204,027
Distribution - water	1,168,763	-	1,168,763
Treatment plant operations	-	2,667,225	2,667,225
Depreciation	1,257,641	359,230	1,616,871
<b>Total Operating Expenses</b>	<b>7,844,018</b>	<b>3,026,455</b>	<b>10,870,473</b>
<b>Operating Income (Loss)</b>	<b>2,646,858</b>	<b>1,749,311</b>	<b>4,396,169</b>
Nonoperating Income (Loss):			
Interest expense	(288,050)	-	(288,050)
<b>Total Nonoperating Income (Loss)</b>	<b>(288,050)</b>	<b>-</b>	<b>(288,050)</b>
<b>Net Income (Loss) Before Capital Contributions</b>	<b>2,358,808</b>	<b>1,749,311</b>	<b>4,108,119</b>
Capital Contributions	333,750	2,008,031	2,341,781
<b>Total Capital Contributions</b>	<b>333,750</b>	<b>2,008,031</b>	<b>2,341,781</b>
<b>Changes in Net Position</b>	<b>2,692,558</b>	<b>3,757,342</b>	<b>6,449,900</b>
Net Position, Beginning of Year, As Restated	17,339,528	22,688,867	40,028,395
<b>Net Position, End of Year</b>	<b>\$ 20,032,086</b>	<b>\$ 26,446,209</b>	<b>\$ 46,478,295</b>
Changes in Net Position	\$ 2,692,558	\$ 3,757,342	\$ 6,449,900
Adjustment to reflect consolidation of internal service fund activities to related enterprise activity	(820,028)	-	(820,028)
<b>Changes in Net Position Related to Water Utility Enterprise Activities</b>	<b>\$ 1,872,530</b>	<b>\$ 3,757,342</b>	<b>\$ 5,629,872</b>

**CITY OF MONTEREY PARK**  
**Water Utility Enterprise Fund**  
**Combining Schedule of Cash Flows**  
**For the Year Ended June 30, 2018**

	Water Operations Activity	Water Treatment Activity	Total
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 10,289,540	\$ 1,733,209	\$ 12,022,749
Cash payments to suppliers for goods and services	(2,402,827)	(2,939,323)	(5,342,150)
Cash payments to employees for services	(6,382,310)	(1,644,316)	(8,026,626)
Net Cash Provided by Operating Activities	<u>1,504,403</u>	<u>(2,850,430)</u>	<u>(1,346,027)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(82,637)	(4,716,987)	(4,799,624)
Capital contributions	333,750	2,008,031	2,341,781
Principal paid on lease financing	(387,702)	(370,000)	(757,702)
Interest paid on lease financing	(288,050)	-	(288,050)
Net Cash Used in Capital and Related Financing Activities	<u>(424,639)</u>	<u>(3,078,956)</u>	<u>(3,503,595)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,079,764	(5,929,386)	(4,849,622)
Cash and Cash Equivalents, Beginning of Year	<u>6,393,312</u>	<u>16,117,594</u>	<u>22,510,906</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,473,076</u>	<u>\$ 10,188,208</u>	<u>\$ 17,661,284</u>
<b>Cash and investments</b>			
Cash and investments	\$ 7,473,076	\$ 10,188,208	\$ 17,661,284
Cash and investments with fiscal agent	-	-	-
Total Cash and Cash Equivalents	<u>\$ 7,473,076</u>	<u>\$ 10,188,208</u>	<u>\$ 17,661,284</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>			
Operating income (loss)	\$ 2,646,858	\$ 1,749,311	\$ 4,396,169
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>			
Depreciation	1,257,641	359,230	1,616,871
Changes in assets, deferred outflows, liabilities and deferred inflows:			
(Increase) decrease in accounts receivable	(201,336)	(3,042,557)	(3,243,893)
(Increase) decrease in deferred outflows of resources - pension plans	240,742	45,837	286,579
(Increase) decrease in deferred outflows of resources - OPEB plan	11,750	4,048	15,798
Increase (decrease) in accounts payable	529,200	(1,906,585)	(1,377,385)
Increase (decrease) in accrued payroll	(782)	3,501	2,719
Increase (decrease) in deposits and advances	10,290	368,748	379,038
Increase (decrease) in compensated absences payable	(32,564)	(36,436)	(69,000)
Increase (decrease) in net pension liabilities	(2,948,520)	(398,970)	(3,347,490)
Increase (decrease) in net OPEB liabilities	(1,363)	(469)	(1,832)
Increase (decrease) in deferred inflows of resources - pension plans	(23,043)	(1,438)	(24,481)
Increase (decrease) in deferred inflows of resources - OPEB plan	15,530	5,350	20,880
Total Adjustments	<u>(1,142,455)</u>	<u>(4,599,741)</u>	<u>(5,742,196)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,504,403</u>	<u>\$ (2,850,430)</u>	<u>\$ (1,346,027)</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, 2018**

<u>Assets</u>	<u>Separation Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
Current Assets:			
Cash and investments	\$ 2,327,577	\$ 2,443,365	\$ 4,589,534
Inventory	-	-	-
Total Current Assets	<u>2,327,577</u>	<u>2,443,365</u>	<u>4,589,534</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>2,327,577</u>	<u>2,443,365</u>	<u>4,589,534</u>
 <u>Liabilities</u>			
Current Liabilities:			
Accounts payable	-	42,757	20,985
Accrued payroll	58,574	4,104	781
Insurance assessment payable - due within one year	-	163,514	-
Claims and judgments payable - due within one year	-	798,000	1,488,000
Compensated absences payable - due within one year	-	1,161	854
Total Current Liabilities	<u>58,574</u>	<u>1,009,536</u>	<u>1,510,620</u>
Noncurrent:			
Insurance assessment payable - due in more than one year	-	1,308,115	-
Claims and judgments payable - due in more than one year	-	2,783,174	8,212,772
Compensated absences payable - due in more than one year	-	10,451	7,688
Total Noncurrent Liabilities	<u>-</u>	<u>4,101,740</u>	<u>8,220,460</u>
Total Liabilities	<u>58,574</u>	<u>5,111,276</u>	<u>9,731,080</u>
 <u>Net Position</u>			
Net investment in capital assets	-	-	-
Unrestricted	<u>2,269,003</u>	<u>(2,667,911)</u>	<u>(5,141,546)</u>
Total Net Position (Deficit)	<u>\$ 2,269,003</u>	<u>\$ (2,667,911)</u>	<u>\$ (5,141,546)</u>

**CITY OF MONTEREY PARK**  
**Combining Schedule of Net Position - Internal Service Funds, Continued**  
**June 30, 2018**

<u>Assets</u>	<u>Shop</u>	<u>Technology</u>	<u>Total</u>
<b>Current Assets:</b>			
Cash and investments	\$ 2,296,625	\$ 1,105,814	\$ 12,762,915
Inventory	4,520	-	4,520
<b>Total Current Assets</b>	<b>2,301,145</b>	<b>1,105,814</b>	<b>12,767,435</b>
<b>Noncurrent Assets:</b>			
Nondepreciable capital assets	43,749	-	43,749
Depreciable capital assets, net of accumulated depreciation	911,141	363,716	1,274,857
<b>Total Capital Assets</b>	<b>954,890</b>	<b>363,716</b>	<b>1,318,606</b>
<b>Total Noncurrent Assets</b>	<b>954,890</b>	<b>363,716</b>	<b>1,318,606</b>
<b>Total Assets</b>	<b>3,256,035</b>	<b>1,469,530</b>	<b>14,086,041</b>
 <u>Liabilities</u>			
<b>Current Liabilities:</b>			
Accounts payable	227,196	255	291,193
Accrued payroll	10,508	-	73,967
Insurance assessment payable - due within one year	-	-	163,514
Claims and judgments payable - due within one year	-	-	2,286,000
Compensated absences payable - due within one year	5,370	-	7,385
<b>Total Current Liabilities</b>	<b>243,074</b>	<b>255</b>	<b>2,822,059</b>
<b>Noncurrent:</b>			
Insurance assessment payable - due in more than one year	-	-	1,308,115
Claims and judgments payable - due in more than one year	-	-	10,995,946
Compensated absences payable - due in more than one year	48,327	-	66,466
<b>Total Noncurrent Liabilities</b>	<b>48,327</b>	<b>-</b>	<b>12,370,527</b>
<b>Total Liabilities</b>	<b>291,401</b>	<b>255</b>	<b>15,192,586</b>
 <u>Net Position</u>			
Net investment in capital assets	954,890	363,716	1,318,606
Unrestricted	2,009,744	1,105,559	(2,425,151)
<b>Total Net Position (Deficit)</b>	<b>\$ 2,964,634</b>	<b>\$ 1,469,275</b>	<b>\$ (1,106,545)</b>

**CITY OF MONTEREY PARK**  
**Combining Schedule of Revenues, Expenses and**  
**Changes in Net Position - Internal Service Funds**  
**For the Year Ended June 30, 2018**

	Separation Benefits	General Liability	Workers' Compensation
Operating Revenues:			
Charges for services	\$ 1,332,454	\$ 1,713,100	\$ 1,696,525
Other revenue	-		24,655
Total Operating Revenues	<u>1,332,454</u>	<u>1,713,100</u>	<u>1,721,180</u>
Operating Expenses:			
Salaries and benefits	1,054,279	59,418	26,207
Materials and supplies	-	-	-
Insurance and claims	-	3,200,348	4,027,896
Miscellaneous	-	-	-
Depreciation	-	-	-
Total Operating Expenses	<u>1,054,279</u>	<u>3,259,766</u>	<u>4,054,103</u>
Operating Income (Loss)	<u>278,175</u>	<u>(1,546,666)</u>	<u>(2,332,923)</u>
Nonoperating Income:			
Gain on sale of surplus property	-	-	-
Total Nonoperating Income	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers in	-	500,000	500,000
Transfers out	(500,000)	-	-
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>500,000</u>	<u>500,000</u>
Changes in Net Position	(221,825)	(1,046,666)	(1,832,923)
Net Position (Deficit), Beginning of Year	<u>2,490,828</u>	<u>(1,621,245)</u>	<u>(3,308,623)</u>
Net Position (Deficit), End of Year	<u>\$ 2,269,003</u>	<u>\$ (2,667,911)</u>	<u>\$ (5,141,546)</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, 2018**

	<u>Shop</u>	<u>Technology</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 1,905,973	\$ 189,582	\$ 6,837,634
Other revenue	-	-	24,655
Total Operating Revenues	<u>1,905,973</u>	<u>189,582</u>	<u>6,862,289</u>
Operating Expenses:			
Salaries and benefits	417,575	-	1,557,479
Materials and supplies	866,529	-	866,529
Insurance and claims	-	-	7,228,244
Miscellaneous	301,342	38,499	339,841
Depreciation	242,838	53,424	296,262
Total Operating Expenses	<u>1,828,284</u>	<u>91,923</u>	<u>10,288,355</u>
Operating Income (Loss)	<u>77,689</u>	<u>97,659</u>	<u>(3,426,066)</u>
Nonoperating Income:			
Gain on sale of surplus property	-	-	-
Total Nonoperating Income	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers in	-	-	1,000,000
Transfers out	-	-	(500,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>500,000</u>
Changes in Net Position	77,689	97,659	(2,926,066)
Net Position (Deficit), Beginning of Year	<u>2,886,945</u>	<u>1,371,616</u>	<u>1,819,521</u>
Net Position (Deficit), End of Year	<u>\$ 2,964,634</u>	<u>\$ 1,469,275</u>	<u>\$ (1,106,545)</u>

**CITY OF MONTEREY PARK**  
**Combining Schedule of Cash Flows - Internal Service Funds**  
**For the Year Ended June 30, 2018**

	<u>Separation Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
Cash Flows from Operating Activities:			
Cash receipts from interfund services provided	\$ 1,332,454	\$ 1,713,100	\$ 1,696,525
Cash receipts from reimbursements and other operating revenues	-	-	24,655
Cash payments to suppliers for goods and services	-	-	-
Cash payments to employees for services	(1,033,739)	(57,152)	(25,076)
Cash payments for insurance premiums and self-insurance claims	-	(2,356,737)	(1,960,210)
Net Cash Provided by (Used in) Operating Activities	<u>298,715</u>	<u>(700,789)</u>	<u>(264,106)</u>
Cash Flows from Noncapital and Related Financing Activities:			
Cash received from other funds	-	500,000	500,000
Cash paid to other funds	(500,000)	-	-
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	<u>(500,000)</u>	<u>500,000</u>	<u>500,000</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital 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	(201,285)	(200,789)	235,894
Cash and Cash Equivalents, Beginning of Year	<u>2,528,862</u>	<u>2,644,154</u>	<u>4,353,640</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,327,577</u>	<u>\$ 2,443,365</u>	<u>\$ 4,589,534</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	<u>\$ 278,175</u>	<u>\$ (1,546,666)</u>	<u>\$ (2,332,923)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in inventory	-	-	-
Increase (decrease) in accounts payable	-	42,007	14,935
Increase (decrease) in accrued payroll	20,540	2,156	16
Increase (decrease) in insurance assessment payable	-	(163,514)	-
Increase (decrease) in claims and judgments payable	-	965,118	2,052,751
Increase (decrease) in compensated absences payable	-	110	1,115
Total Adjustments	<u>20,540</u>	<u>845,877</u>	<u>2,068,817</u>
Net Cash Provided by Operating Activities	<u>\$ 298,715</u>	<u>\$ (700,789)</u>	<u>\$ (264,106)</u>

**CITY OF MONTEREY PARK**  
**Combining Schedule of Cash Flows - Internal Service Funds, Continued**  
**For the Year Ended June 30, 2018**

	<u>Shop</u>	<u>Technology</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash receipts from interfund services provided	\$ 1,905,973	\$ 189,582	\$ 6,837,634
Cash receipts from reimbursements and other operating revenues	-	-	24,655
Cash payments to suppliers for goods and services	(1,199,971)	(38,244)	(1,238,215)
Cash payments to employees for services	(407,280)	-	(1,523,247)
Cash payments for insurance premiums and self-insurance claims	-	-	(4,316,947)
Net Cash Provided by (Used in) Operating Activities	<u>298,722</u>	<u>151,338</u>	<u>(216,120)</u>
Cash Flows from Capital and Related Financing Activities:			
Cash received from other funds	-	-	1,000,000
Cash paid to other funds	-	-	(500,000)
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	(430,251)	-	(430,251)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(430,251)</u>	<u>-</u>	<u>(430,251)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(131,529)	151,338	(146,371)
Cash and Cash Equivalents, Beginning of Year	<u>2,428,154</u>	<u>954,476</u>	<u>12,909,286</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,296,625</u>	<u>\$ 1,105,814</u>	<u>\$ 12,762,915</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 77,689	\$ 97,659	\$ (3,426,066)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	242,838	53,424	296,262
Changes in assets and liabilities:			
(Increase) decrease in inventory	304	-	304
Increase (decrease) in accounts payable	(32,404)	255	24,793
Increase (decrease) in accrued payroll	96	-	22,808
Increase (decrease) in insurance assessment payable	-	-	(163,514)
Increase (decrease) in claims and judgments payable	-	-	3,017,869
Increase (decrease) in compensated absences payable	10,199	-	11,424
Total Adjustments	<u>221,033</u>	<u>53,679</u>	<u>3,209,946</u>
Net Cash Provided by Operating Activities	<u>\$ 298,722</u>	<u>\$ 151,338</u>	<u>\$ (216,120)</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, 2018**

<u>Assets</u>	Deposits Fund	Construction Agency Fund	Totals
Cash and investments	\$ 2,883,243	\$ 206,926	\$ 3,090,169
Accounts Receivable	1,581	-	1,581
Total Assets	<u>\$ 2,884,824</u>	<u>\$ 206,926</u>	<u>\$ 3,091,750</u>
<u>Liabilities</u>			
Accounts payable	\$ 17,665	\$ 57,263	\$ 74,928
Deposits payable	<u>2,867,159</u>	<u>149,663</u>	<u>3,016,822</u>
Total Liabilities	<u>\$ 2,884,824</u>	<u>\$ 206,926</u>	<u>\$ 3,091,750</u>

**CITY OF MONTEREY PARK**  
**Combining Schedule of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the Year Ended June 30, 2018**

<u>Deposits Fund</u>	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
<b>Assets:</b>				
Cash and investments	\$ 2,668,749	\$ 1,020,638	\$ (806,144)	\$ 2,883,243
Accounts receivable	-	1,581	-	1,581
	<u>\$ 2,668,749</u>	<u>\$ 1,022,219</u>	<u>\$ (806,144)</u>	<u>\$ 2,884,824</u>
<b>Liabilities:</b>				
Accounts payable	\$ 31,750	\$ 520,059	\$ (534,144)	\$ 17,665
Deposits payable	2,636,999	1,001,981	(771,821)	2,867,159
Total Liabilities	<u>\$ 2,668,749</u>	<u>\$ 1,522,040</u>	<u>\$ (1,305,965)</u>	<u>\$ 2,884,824</u>
 <u>Construction Agency Fund</u>				
<b>Assets:</b>				
Cash and investments	<u>\$ 51,011</u>	<u>\$ 341,082</u>	<u>\$ (185,167)</u>	<u>\$ 206,926</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 264,740	\$ (207,477)	\$ 57,263
Deposits payable	51,011	283,818	(185,166)	149,663
Total Liabilities	<u>\$ 51,011</u>	<u>\$ 548,558</u>	<u>\$ (392,643)</u>	<u>\$ 206,926</u>
 <u>Total - All Agency Funds</u>				
<b>Assets:</b>				
Cash and investments	\$ 2,719,760	\$ 1,361,720	\$ (991,311)	\$ 3,090,169
Accounts receivable	-	1,581	-	1,581
	<u>\$ 2,719,760</u>	<u>\$ 1,363,301</u>	<u>\$ (991,311)</u>	<u>\$ 3,091,750</u>
<b>Liabilities:</b>				
Accounts payable	\$ 31,750	\$ 784,799	\$ (741,621)	\$ 74,928
Deposits payable	2,688,010	1,285,799	(956,987)	3,016,822
Total Liabilities	<u>\$ 2,719,760</u>	<u>\$ 2,070,598</u>	<u>\$ (1,698,608)</u>	<u>\$ 3,091,750</u>

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*Statistical Section*

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**STATISTICAL SECTION**  
**(Unaudited)**

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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				
	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 40,863,652	\$ 44,779,820	\$ 42,184,114	\$ 47,380,971	\$ 50,018,559
Restricted	57,279,208	54,638,570	29,449,081	26,824,487	20,629,264
Unrestricted	<u>(37,034,912)</u>	<u>(43,282,599)</u>	<u>(21,658,335)</u>	<u>6,298,370</u>	<u>9,341,223</u>
Total governmental activities net position	<u>\$ 61,107,948</u>	<u>\$ 56,135,791</u>	<u>\$ 49,974,860</u>	<u>\$ 80,503,828</u>	<u>\$ 79,989,046</u>
<b>Business-Type Activities:</b>					
Net investment in capital assets	\$ 17,370,937	\$ 17,254,986	\$ 19,372,272	\$ 20,439,644	\$ 20,381,489
Restricted	-	-	-	-	-
Unrestricted	<u>9,077,541</u>	<u>10,911,685</u>	<u>17,752,724</u>	<u>19,943,174</u>	<u>25,700,563</u>
Total business-type activities net position	<u>\$ 26,448,478</u>	<u>\$ 28,166,671</u>	<u>\$ 37,124,996</u>	<u>\$ 40,382,818</u>	<u>\$ 46,082,052</u>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 58,234,589	\$ 62,034,806	\$ 61,556,386	\$ 67,820,615	\$ 70,400,048
Restricted	57,279,208	54,638,570	29,449,081	26,824,487	20,629,264
Unrestricted	<u>(27,957,371)</u>	<u>(32,370,914)</u>	<u>(3,905,611)</u>	<u>26,241,544</u>	<u>35,041,786</u>
Total primary government net position	<u>\$ 87,556,426</u>	<u>\$ 84,302,462</u>	<u>\$ 87,099,856</u>	<u>\$ 120,886,646</u>	<u>\$ 126,071,098</u>

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

	Fiscal Year				
	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 50,805,697	\$ 46,057,423	\$ 47,995,442	\$ 49,245,097	\$ 51,940,625
Restricted	18,330,529	20,198,282	22,221,698	20,689,401	22,583,024
Unrestricted	<u>11,318,896</u>	<u>(79,297,776)</u>	<u>(68,990,541)</u>	<u>(63,742,375)</u>	<u>(85,102,541)</u>
Total governmental activities net position	<u>\$ 80,455,122</u>	<u>\$ (13,042,071)</u>	<u>\$ 1,226,599</u>	<u>\$ 6,192,123</u>	<u>\$ (10,578,892)</u>
<b>Business-Type Activities:</b>					
Net investment in capital assets	\$ 20,020,776	\$ 15,083,212	\$ 23,132,584	\$ 27,583,180	\$ 32,224,486
Restricted	-	-	514,518	-	-
Unrestricted	<u>26,197,066</u>	<u>24,186,095</u>	<u>18,629,778</u>	<u>19,078,479</u>	<u>18,182,441</u>
Total business-type activities net position	<u>\$ 46,217,842</u>	<u>\$ 39,269,307</u>	<u>\$ 42,276,880</u>	<u>\$ 46,661,659</u>	<u>\$ 50,406,927</u>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 70,826,473	\$ 61,140,635	\$ 71,128,006	\$ 76,828,277	\$ 84,165,111
Restricted	18,330,529	20,198,282	22,736,216	20,689,401	22,583,024
Unrestricted	<u>37,515,962</u>	<u>(55,111,681)</u>	<u>(50,360,763)</u>	<u>(44,663,896)</u>	<u>(66,920,100)</u>
Total primary government net position	<u>\$ 126,672,964</u>	<u>\$ 26,227,236</u>	<u>\$ 43,503,459</u>	<u>\$ 52,853,782</u>	<u>\$ 39,828,035</u>

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

	<b>Fiscal Year</b>				
	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/2012</b>	<b>2012/2013</b>
<b>Expenses:</b>					
Governmental activities:					
General government	\$ 3,879,270	\$ 3,393,846	\$ 3,497,432	\$ 4,405,489	\$ 6,522,107
Public safety	28,781,812	29,652,341	27,575,013	27,764,258	26,233,074
Community development	11,507,775	13,427,547	11,027,820	5,673,116	8,521,044
Culture and recreation	7,411,985	7,009,277	6,685,623	6,378,055	5,909,468
Highway and streets	5,812,714	5,981,608	5,209,925	4,886,331	5,380,336
Health	98,918	88,940	120,000	120,000	119,999
Interest and fiscal charges	2,975,762	2,909,194	2,785,485	2,128,198	1,275,063
Total governmental activities expenses	<u>60,468,236</u>	<u>62,462,753</u>	<u>56,901,298</u>	<u>51,355,447</u>	<u>53,961,091</u>
Business-type activities:					
Water	9,724,233	9,506,799	10,907,990	11,542,663	10,706,980
Refuse	5,676,667	5,793,221	5,812,305	5,944,116	6,040,457
Sewer	229,524	181,271	310,115	331,683	238,551
Total business-type activities expenses	<u>15,630,424</u>	<u>15,481,291</u>	<u>17,030,410</u>	<u>17,818,462</u>	<u>16,985,988</u>
Total primary government expenses	<u>76,098,660</u>	<u>77,944,044</u>	<u>73,931,708</u>	<u>69,173,909</u>	<u>70,947,079</u>
<b>Program revenues:</b>					
Governmental activities:					
Charges for services:					
General government	766,402	640,487	626,842	627,769	909,328
Public safety	5,058,340	3,292,950	3,186,391	2,926,775	3,037,155
Community development	2,410,056	2,250,642	1,567,774	1,608,072	1,541,110
Culture and recreation	818,438	816,852	770,602	692,083	738,884
Highway and Streets	1,421,473	1,400,245	1,360,611	369,180	451,744
Health					
Operating grants and contributions	5,402,260	5,394,275	4,952,726	4,667,552	5,258,202
Capital grants and contributions	546,077	2,929,631	1,646,048	3,725,194	1,988,468
Total government activities program revenues	<u>16,423,046</u>	<u>16,725,082</u>	<u>14,110,994</u>	<u>14,616,625</u>	<u>13,924,891</u>
Business-type activities:					
Charges for services:					
Water	10,498,868	9,740,486	10,533,780	12,853,684	13,302,811
Refuse	5,949,179	5,796,888	5,980,597	6,001,641	5,832,841
Sewer	294,574	269,338	271,984	273,496	273,556
Operating grants and contributions		336,862	225,000		
Capital grants and contributions		80,322	74,414	91,894	41,834
Total business-type activities revenues	<u>16,742,621</u>	<u>16,223,896</u>	<u>17,085,775</u>	<u>19,220,715</u>	<u>19,451,042</u>
Total primary government revenues	<u>\$ 33,165,667</u>	<u>\$ 32,948,978</u>	<u>\$ 31,196,769</u>	<u>\$ 33,837,340</u>	<u>\$ 33,375,933</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)**

	<b>Fiscal Year</b>				
	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
<b>Expenses:</b>					
Governmental activities:					
General government	\$ 4,050,482	\$ 4,610,081	\$ 3,771,179	\$ 4,935,827	\$ 13,276,893
Public safety	27,352,152	26,907,556	27,479,974	30,527,993	35,442,619
Community development	2,343,881	7,049,958	2,456,567	2,368,605	2,536,781
Culture and recreation	6,277,461	8,665,230	7,151,089	7,383,391	8,037,936
Highway and streets	6,434,924	5,512,170	6,223,450	5,555,218	5,856,197
Health	120,000	488,697	116,629	250,000	160,000
Interest and fiscal charges	1,207,716	1,269,034	990,315	993,823	940,605
	<u>47,786,616</u>	<u>54,502,726</u>	<u>48,189,203</u>	<u>52,014,857</u>	<u>66,251,032</u>
Business-type activities:					
Water	11,775,078	12,906,852	11,962,698	13,197,497	11,978,551
Refuse	6,985,344	6,657,089	7,562,168	7,648,908	6,364,504
Sewer	221,078	522,245	1,117,677	1,332,184	2,120,013
	<u>18,981,500</u>	<u>20,086,186</u>	<u>20,642,543</u>	<u>22,178,589</u>	<u>20,463,068</u>
	<u>66,768,116</u>	<u>74,588,912</u>	<u>68,831,746</u>	<u>74,193,446</u>	<u>86,714,100</u>
<b>Program revenues:</b>					
Governmental activities:					
Charges for services:					
General government	907,537	1,005,102	1,157,100	1,216,968	1,290,795
Public safety	3,076,644	2,956,084	3,766,713	2,665,634	4,239,502
Community development	1,442,835	2,023,271	2,607,075	3,660,518	3,364,687
Culture and recreation	690,289	1,320,369	1,289,483	1,327,230	1,956,845
Highway and Streets	400,382	1,462,323	1,403,282	1,688,010	1,382,500
Health					
Operating grants and contributions	1,516,481	7,963,721	7,953,884	6,928,332	8,281,863
Capital grants and contributions	627,628	557,625	502,276	1,134,757	159,994
Total government activities program revenues	<u>8,661,796</u>	<u>17,288,495</u>	<u>18,779,813</u>	<u>18,621,449</u>	<u>20,676,186</u>
Business-type activities:					
Charges for services:					
Water	10,747,045	11,452,592	12,323,342	13,439,676	14,213,398
Refuse	6,028,436	6,371,405	6,954,603	7,124,768	6,760,312
Sewer	287,548	1,714,098	2,673,585	2,843,412	3,164,108
Operating grants and contributions					
Capital grants and contributions	169,783	98,776	97,507	1,916,453	2,341,781
	<u>17,232,812</u>	<u>19,636,871</u>	<u>22,049,037</u>	<u>25,324,309</u>	<u>26,479,599</u>
Total primary government revenues	<u>\$ 25,894,608</u>	<u>\$ 36,925,366</u>	<u>\$ 40,828,850</u>	<u>\$ 43,945,758</u>	<u>\$ 47,155,785</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)**

**Net (expense)/revenue:**

Governmental activities:	\$ (44,045,190)	\$ (45,737,671)	\$ (42,790,304)	\$ (36,738,822)	\$ (40,036,200)
Business-type activities:	1,112,197	742,605	55,365	1,402,253	2,465,054
Total primary government revenues	<u>\$ (42,932,993)</u>	<u>\$ (44,995,066)</u>	<u>\$ (42,734,939)</u>	<u>\$ (35,336,569)</u>	<u>\$ (37,571,146)</u>

**General revenues and other**

**Changes in net assets:**

Governmental activities:

Taxes:

Property taxes	\$ 26,741,260	\$ 27,059,553	\$ 27,331,232	\$ 24,537,300	\$ 24,066,354
Sales tax	4,546,028	4,100,798	4,803,406	5,057,132	5,437,244
Vehicle in-lieu tax	185,693	191,604	345,406	32,170	33,334
Utility users tax	3,516,748	3,349,907	3,219,600	3,092,796	3,041,163
Utility franchise tax	1,087,602	934,505	967,322	942,985	942,736
Business license tax	963,068	925,037	944,837	945,367	941,005
Transient occupancy tax	785,331	660,897	756,873	876,482	957,024
Other taxes	1,557,516	1,263,874	1,837,784	1,868,862	2,760,446
Revenues from use of money and property	2,145,238	1,021,730	891,671	776,649	827,781
Other	219,979	917,403	249,075	685,026	499,923
Gain/(Loss) on sale of property	(3,346)	(29,528)	6,627	1,842,182	14,408
Transfers	<u>265,000</u>	<u>278,000</u>	<u>281,400</u>	<u>350,000</u>	
Total general revenues and transfers	<u>42,010,117</u>	<u>40,673,780</u>	<u>41,635,233</u>	<u>41,006,951</u>	<u>39,521,418</u>

Extraordinary item

26,752,439

Business-type activities:

Revenues from use of money and property

Other	537,971	1,345,322	4,168,640	2,205,569	3,230,138
Gain/(Loss) on sale of property			9,865		4,042
Transfers	<u>(265,000)</u>	<u>(278,000)</u>	<u>(281,400)</u>	<u>(350,000)</u>	
Total business-type activities	<u>272,971</u>	<u>1,067,322</u>	<u>3,897,105</u>	<u>1,855,569</u>	<u>3,234,180</u>
Total primary government	<u>42,283,088</u>	<u>41,741,102</u>	<u>45,532,338</u>	<u>42,862,520</u>	<u>42,755,598</u>

Changes in net position

Governmental activities	(2,035,073)	(5,063,891)	(1,155,071)	31,020,568	(514,782)
Business-type activities	1,385,168	1,809,927	3,952,470	3,257,822	5,699,234
Total primary government	<u>\$ (649,905)</u>	<u>\$ (3,253,964)</u>	<u>\$ 2,797,399</u>	<u>\$ 34,278,390</u>	<u>\$ 5,184,452</u>

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

**Net (expense)/revenue:**

Governmental activities:	\$ (39,124,820)	\$ (37,214,231)	\$ (29,409,390)	\$ (33,393,408)	\$ (45,574,846)
Business-type activities:	(1,748,688)	(449,315)	1,406,494	3,145,720	6,016,531
Total primary government revenues	<u>\$ (40,873,508)</u>	<u>\$ (37,663,546)</u>	<u>\$ (28,002,896)</u>	<u>\$ (30,247,688)</u>	<u>\$ (39,558,315)</u>

**General revenues and other**

**Changes in net assets:**

Governmental activities:

Taxes:

Property taxes	\$ 19,794,165	\$ 22,600,233	\$ 22,235,616	\$ 23,154,960	\$ 24,306,944
Sales tax	4,942,821	5,245,208	6,427,211	6,517,491	5,341,854
Vehicle in-lieu tax	27,588	26,649	25,041	27,482	32,428
Utility users tax	3,202,264	3,257,450	3,212,890	3,212,912	2,964,825
Utility franchise tax	970,212	1,028,025	992,615	938,802	966,346
Business license tax	974,816	1,340,197	1,052,086	1,244,295	1,146,838
Transient occupancy tax	1,049,070	1,158,767	1,248,578	1,261,777	1,163,775
Other taxes	7,282,605	346,203	285,845	269,734	585,106
Revenues from use of money and property	872,174	929,648	1,155,649	701,151	1,689,011
Other	731,679	1,153,382	1,403,883	1,030,348	1,736,642
Gain/(Loss) on sale of property					
Transfers	<u>18,000</u>	<u></u>	<u></u>	<u></u>	<u></u>
Total general revenues and transfers	<u>39,865,394</u>	<u>37,085,762</u>	<u>38,039,414</u>	<u>38,358,952</u>	<u>39,933,769</u>

Extraordinary item

5,638,626

Business-type activities:

Revenues from use of

money and property

Other	1,897,638	2,192	1,601,079	1,238,954	1,053,244
Gain/(Loss) on sale of property	4,840	1,258,626		105	
Transfers	(18,000)	18,485			
Total business-type activities	<u>1,884,478</u>	<u>1,279,303</u>	<u>1,601,079</u>	<u>1,239,059</u>	<u>1,053,244</u>
Total primary government	<u>41,749,872</u>	<u>38,365,065</u>	<u>39,640,493</u>	<u>39,598,011</u>	<u>40,987,013</u>

Changes in net position

Governmental activities	740,574	(128,469)	14,268,650	4,965,544	(5,641,077)
Business-type activities	135,790	829,988	3,007,573	4,384,779	7,069,775
Total primary government	<u>\$ 876,364</u>	<u>\$ 701,519</u>	<u>\$ 17,276,223</u>	<u>\$ 9,350,323</u>	<u>\$ 1,428,698</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				
	2008/09	2009/10	2010/11	2011/12	2012/13
<b>General Fund:</b>					
Nondisposable	\$ 1,429,902	\$ 695,930	\$ 710,330	\$ 703,230	\$ -
Restricted	-	-	-	-	-
Committed	5,115,098	5,340,000	5,340,000	7,173,519	7,173,519
Assigned	5,307,662	5,207,133	4,589,465	5,145,940	9,653,901
Unassigned	<u>5,246,912</u>	<u>2,519,641</u>	<u>2,505,441</u>	<u>2,505,441</u>	<u>3,554,425</u>
Total general fund	<u>\$ 17,099,574</u>	<u>\$ 13,762,704</u>	<u>\$ 13,145,236</u>	<u>\$ 15,528,130</u>	<u>\$ 20,381,845</u>
<b>All other governmental funds:</b>					
Nondisposable	\$ 17,415,373	\$ 22,447,581	\$ 22,336,060	-	\$ 1,989,686
Restricted	28,018,812	21,025,370	29,449,081	\$ 26,824,487	18,684,533
Committed	3,354,156	2,524,270	3,524,270		
Assigned	19,418,934	17,344,673	10,523,233	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(105,492)</u>	<u>(153,120)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 68,207,275</u>	<u>\$ 63,341,894</u>	<u>\$ 65,727,152</u>	<u>\$ 26,671,367</u>	<u>\$ 20,674,219</u>
<b>Total for Governmental Funds:</b>	<u>\$ 85,306,849</u>	<u>\$ 77,104,598</u>	<u>\$ 78,872,388</u>	<u>\$ 42,199,497</u>	<u>\$ 41,056,064</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				
	2013/14	2014/15	2015/16	2016/17	2017/18
<b>General Fund:</b>					
Nondisposable	\$ -	\$ 741,556	\$ 741,556	\$ 816,495	\$ 74,939
Restricted	-	-	78,799	-	-
Committed	7,173,519	7,173,519	10,979,027	10,826,927	10,826,927
Assigned	9,321,463	10,095,120	12,052,503	14,414,724	15,064,826
Unassigned	<u>3,554,425</u>	<u>3,556,499</u>	<u>4,554,426</u>	<u>4,144,661</u>	<u>3,994,828</u>
Total general fund	<u>\$ 20,049,407</u>	<u>\$ 21,566,694</u>	<u>\$ 28,406,311</u>	<u>\$ 30,202,807</u>	<u>\$ 29,961,520</u>
<b>All other governmental funds:</b>					
Nondisposable	\$ 1,989,686	\$ 1,921,015	\$ -	\$ -	\$ -
Restricted	17,449,555	19,872,630	21,597,574	21,426,308	22,145,598
Committed	1,496,211	699,188	584,570	472,919	437,426
Assigned	-	-	-	-	-
Unassigned	<u>-</u>	<u>(931,973)</u>	<u>(168,139)</u>	<u>(1,369,489)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 20,935,452</u>	<u>\$ 21,560,860</u>	<u>\$ 22,014,005</u>	<u>\$ 20,529,738</u>	<u>\$ 22,583,024</u>
<b>Total for Governmental Funds:</b>	<u>\$ 40,984,859</u>	<u>\$ 43,127,554</u>	<u>\$ 50,420,316</u>	<u>\$ 50,732,545</u>	<u>\$ 52,544,544</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				
	2008/09	2009/10	2010/11 <sup>(1)</sup>	2011/12	2012/13
<b>Revenues:</b>					
Taxes	\$ 40,316,886	\$ 38,619,421	\$ 42,568,610	\$ 37,442,373	\$ 41,087,434
Licenses and permits	2,797,953	2,419,414	1,661,496	1,856,887	967,662
Intergovernmental revenues	5,036,290	6,318,925	4,262,737	6,006,714	4,693,489
Charges for services	13,125,471	11,584,210	4,554,131	4,360,368	4,981,641
Revenues from use of money & property	2,137,057	939,476	767,652	744,346	822,143
Fines and forfeitures	1,687,318	1,393,098	1,272,417	952,992	822,779
Other	304,985	996,867	376,314	720,230	1,374,275
<b>Total revenues</b>	<u>65,405,960</u>	<u>62,271,411</u>	<u>55,463,357</u>	<u>52,083,910</u>	<u>54,749,423</u>
<b>Expenditures</b>					
Current:					
General government	3,585,033	3,633,847	3,771,085	3,621,179	4,454,906
Public safety	25,873,335	26,459,263	25,692,272	25,681,372	25,080,613
Community development	8,085,618	11,424,004	10,826,979	5,633,982	7,808,273
Culture and recreation	6,151,628	5,870,577	5,561,337	5,577,207	5,677,937
Highways and streets	4,688,134	4,721,343	4,434,810	4,207,740	4,362,120
Health	6,026,191	6,094,492	120,000	120,000	119,999
Capital outlay	5,385,481	9,045,208	8,114,199	8,114,199	5,928,361
Debt service:					
Principal	1,677,419	2,229,221	2,284,269	2,020,927	1,204,215
Interest and fiscal charges	2,916,198	2,853,313	2,731,427	1,990,861	1,270,840
<b>Total expenditures</b>	<u>64,389,037</u>	<u>72,331,268</u>	<u>63,536,378</u>	<u>56,967,467</u>	<u>55,907,264</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,016,923</u>	<u>(10,059,857)</u>	<u>(8,073,021)</u>	<u>(4,883,557)</u>	<u>(1,157,841)</u>
<b>Other financing sources (uses):</b>					
Transfers in	6,501,942	5,344,657	13,451,752	776,146	9,466
Transfers out	(6,236,942)	(5,066,657)	(13,170,352)	(426,146)	(9,466)
(Loss) on sale of property	-	-	-	-	-
Proceeds from sale of property	1,345	599,751	6,627	1,842,182	14,408
Proceeds from tax increment deferred	3,214,132	3,705,856	3,775,724	-	-
Proceeds from section 108 loan	-	-	-	-	-
Issue of long term debt	-	-	-	-	-
<b>Total other financing     Sources (uses)</b>	<u>3,480,477</u>	<u>4,583,607</u>	<u>4,063,751</u>	<u>2,192,182</u>	<u>14,408</u>
<b>Net change in fund balances     before Extraordinary Item</b>	<u>\$ 4,497,400</u>	<u>\$ (5,476,250)</u>	<u>\$ (4,009,270)</u>	<u>\$ (2,691,375)</u>	<u>\$ (1,143,433)</u>
Extraordinary Items	-	-	-	(33,981,516)	-
Net change in fund balances	<u>\$ 4,497,400</u>	<u>\$ (5,476,250)</u>	<u>\$ (4,009,270)</u>	<u>\$ (36,672,891)</u>	<u>\$ (1,143,433)</u>
Debt services as a percentage of noncapital expenditures <sup>(2)</sup>	7.79%	8.03%	9.05%	8.21%	4.95%

Notes:

(1) Starting 2010-11, Refuse and Sewer funds were classified as Enterprise Fund.

(2) The ratio of total debt service to noncapital expenditures is calculated as total debt service expenditures (principal and interest) / total noncapital expenditures (the difference between total expenditures and capitalized capital outlay expenditures).

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				
	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Revenues:</b>					
Taxes	\$ 38,059,146	\$ 41,748,001	\$ 41,158,303	\$ 41,891,277	\$ 42,680,203
Licenses and permits	848,949	775,135	2,428,895	2,913,671	2,729,412
Intergovernmental revenues	2,035,035	3,072,957	3,203,752	1,851,272	2,927,646
Charges for services	4,922,983	5,521,035	6,110,829	6,721,667	8,417,372
Revenues from use of money & property	943,369	919,998	1,207,629	694,820	680,133
Fines and forfeitures	931,718	1,043,704	1,295,647	605,957	1,756,785
Other	767,790	1,180,868	1,414,172	1,074,799	-
<b>Total revenues</b>	<u>48,508,990</u>	<u>54,261,698</u>	<u>56,819,227</u>	<u>55,753,463</u>	<u>60,919,335</u>
<b>Expenditures</b>					
Current:					
General government	3,859,127	4,609,650	5,744,019	5,844,104	7,146,292
Public safety	25,647,992	27,076,488	28,396,653	29,258,673	30,235,225
Community development	2,345,099	3,015,194	2,261,895	2,392,374	2,497,952
Culture and recreation	5,587,721	6,738,804	6,464,589	6,634,294	6,981,663
Highways and streets	5,672,512	4,938,939	5,103,275	4,780,221	4,812,085
Health	120,000	488,697	-	250,000	160,000
Capital outlay	2,957,442	4,855,050	4,594,721	3,415,464	4,413,196
Debt service:					
Principal	1,229,166	1,255,802	1,291,263	1,370,156	1,416,257
Interest and fiscal charges	1,217,331	1,279,276	1,058,676	995,948	944,666
<b>Total expenditures</b>	<u>48,636,390</u>	<u>54,257,900</u>	<u>54,915,091</u>	<u>54,941,234</u>	<u>58,607,336</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(127,400)</u>	<u>3,798</u>	<u>1,904,136</u>	<u>812,229</u>	<u>2,311,999</u>
<b>Other financing sources (uses):</b>					
Transfers in	943,350	1,380,000	2,327,332	2,246,686	2,225,885
Transfers out	(903,905)	(1,380,000)	(2,577,332)	(2,746,686)	(2,725,885)
(Loss) on sale of property	-	-	-	-	-
Proceeds from sale of property	16,750	562,114	-	-	-
Proceeds from tax increment deferred	-	-	-	-	-
Proceeds from section 108 loan	-	-	-	-	-
Issue of long term debt	-	1,576,783	-	-	-
<b>Total other financing Sources (uses)</b>	<u>56,195</u>	<u>2,138,897</u>	<u>(250,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>
<b>Net change in fund balances before Extraordinary Item</b>	<u>\$ (71,205)</u>	<u>\$ 2,142,695</u>	<u>\$ 1,654,136</u>	<u>\$ 312,229</u>	<u>\$ 1,811,999</u>
Extraordinary Items	-	-	5,638,626	-	-
<b>Net change in fund balances</b>	<u>\$ (71,205)</u>	<u>\$ 2,142,695</u>	<u>\$ 7,292,762</u>	<u>\$ 312,229</u>	<u>\$ 1,811,999</u>
Debt services as a percentage of noncapital expenditures <sup>(2)</sup>	5.36%	5.13%	4.67%	4.57%	4.33%

Notes:

(1) Starting 2010-11, Refuse and Sewer funds were classified as Enterprise Fund.

(2) The ratio of total debt service to noncapital expenditures is calculated as total debt service expenditures (principal and interest) / total noncapital expenditures (the difference between total expenditures and capitalized capital outlay expenditures).

Source: City of Monterey Park Management Services Department

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**CITY OF MONTEREY PARK**  
**Assessed Value of Taxable Property <sup>(1)</sup>**  
**Last Ten Fiscal Years**  
**(In Thousands)**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Tax-Exempt Property <sup>(2)</sup></b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate <sup>(3) (4)</sup></b>
<b>2008/09</b>	3,992,520,537	935,272,734	125,418,879	269,631,912	29,710,040	5,322,844,062	0.38473
<b>2009/10</b>	3,987,237,477	954,666,779	138,347,522	316,094,962	29,710,040	5,396,346,740	0.39330
<b>2010/11</b>	4,063,980,933	919,141,515	136,429,404	329,231,172	43,696,766	5,448,783,024	0.39312
<b>2011/12</b>	4,176,308,316	914,084,645	141,375,663	330,098,283	34,278,620	5,561,866,907	0.39069
<b>2012/13</b>	4,392,899,226	1,016,937,428	146,514,412	265,303,532	33,633,996	5,821,654,598	0.40086
<b>2013/14</b>	4,589,336,142	1,037,976,948	156,760,121	268,842,451	33,633,996	6,052,915,662	0.24388
<b>2014/15</b>	4,819,968,671	1,058,583,010	160,416,355	276,605,994	29,479,877	6,315,574,030	0.24412
<b>2015/16</b>	5,057,044,107	1,093,431,570	164,909,195	276,512,462	29,538,778	6,591,897,334	0.24437
<b>2016/17</b>	5,307,806,812	1,140,647,311	173,217,543	312,397,210	28,011,283	6,934,068,876	0.24460
<b>2017/18</b>	5,602,078,820	1,173,225,228	186,112,221	308,114,143	27,269,372	7,269,530,412	0.24384

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.

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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				
	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Basic Levy <sup>(1)</sup></b>	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	0.03625	0.05151	0.05996	0.07411	0.06760
Garvey School District	0.04953	0.05378	0.05733	0.05686	0.06037
Garvey-Alhambra	0.01882	0.02458	0.02770	0.02718	0.02795
Los Angeles Community College District	0.02212	0.02311	0.04031	0.03530	0.04875
Los Angeles Unified School District	0.12478	0.15181	0.18695	0.16819	0.17561
Metropolitan Water District	0.01800	0.01800	0.01800	0.01800	0.01800
Montebello Unified School District	0.08063	0.09673	0.09792	0.10001	0.09630
Monterey Park GO Debt	0.09117	0.09117	0.09117	0.09117	0.09117
<b>Total Direct &amp; Overlapping <sup>(2)</sup> Tax Rates</b>	<b><u>1.53247</u></b>	<b><u>1.60186</u></b>	<b><u>1.67051</u></b>	<b><u>1.66199</u></b>	<b><u>1.67692</u></b>
<b>City's Share of 1% Levy Per Prop 13 <sup>(3)</sup></b>	0.15778	0.15778	0.15778	0.15778	0.15778
<b>General Obligation Debt Rate</b>	0.09117	0.09117	0.09117	0.09117	0.09117
<b>Redevelopment Rate <sup>(4)</sup></b>	1.10918	1.10918	1.10918	1.10918	0.00000
<b>Total Direct Rate <sup>(5)</sup></b>	0.38473	0.39330	0.39312	0.39069	0.40086

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
- (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.

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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				
	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Basic Levy <sup>(1)</sup></b>	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	0.06666	0.06595	0.06558	0.06111	0.10300
Garvey School District	0.05978	0.05947	0.05874	0.06067	0.08332
Garvey-Alhambra	0.03154	0.02912	0.02906	0.02806	0.04805
Los Angeles Community College District	0.04454	0.04017	0.03575	0.03596	0.04599
Los Angeles Unified School District	0.14644	0.14688	0.12971	0.13110	0.12219
Metropolitan Water District	0.01800	0.01800	0.01800	0.02300	0.03000
Montebello Unified School District	0.09457	0.08750	0.08715	0.14705	0.13514
Monterey Park Go Debt	0.09117	0.09117	0.09117	0.09117	0.09117
<b>Total Direct &amp; Overlapping <sup>(2)</sup> Tax Rates</b>	<b><u>1.64387</u></b>	<b><u>1.62943</u></b>	<b><u>1.60633</u></b>	<b><u>1.66929</u></b>	<b><u>1.75003</u></b>
<b>City's Share of 1% Levy Per Prop 13 <sup>(3)</sup></b>	0.15778	0.15778	0.15778	0.15778	0.15778
<b>General Obligation Debt Rate</b>	0.09117	0.09117	0.09117	0.09117	0.09117
<b>Redevelopment Rate <sup>(4)</sup></b>	0.00000	0.00000	0.00000	0.00000	0.00000
<b>Total Direct Rate <sup>(5)</sup></b>	0.24388	0.24412	0.24437	0.24460	0.24384

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>2017/18</u>	
	<u>Taxable Assessed Valuation</u>	<u>Percent of Total City Taxable Assessed Valuation</u>
Atlantic Times Square II LLC	\$ 106,397,272	1.46%
Los Angeles Corporate Center LLC	69,285,927	0.95%
Union Bank	64,475,881	0.89%
Garfield Calmed Investment LP	52,619,963	0.72%
BRE California Saturn	49,980,000	0.69%
GMS Five LLC	47,503,617	0.65%
Atlantic Times Square X LLC	36,608,654	0.50%
Emerald Hills LLC	33,622,763	0.46%
Monterey Park Calmed Invest LP	28,703,980	0.39%
Care 1st Health Plan Inc	28,201,794	0.39%
	<u>\$ 517,399,851</u>	<u>7.12%</u>
 Total City Assessed Value	 <u>\$ 7,269,530,412</u>	

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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>2008/09</u>	
	<u>Taxable Assessed Valuation</u>	<u>Percent of Total City Taxable Assessed Valuation</u>
Los Angeles Corporate Center	\$ 91,095,000	1.71%
Garfield Calmed Investment LP	68,228,080	1.28%
1977 Saturn LLC	55,151,400	1.04%
Union Bank	54,236,396	1.02%
GMS Five LLC	41,972,713	0.79%
Emerald Hills LLC	29,418,902	0.55%
Real Estate Investors 1984	22,000,000	0.41%
Atlantic Shopping Center LP	21,624,000	0.41%
901 Corporation Center	21,216,000	0.40%
Tripeak LLC	19,560,530	0.37%
	<u>\$ 424,503,021</u>	<u>7.98%</u>
 Total City Assessed Value	 <u>\$ 5,322,844,062</u>	

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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
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 <sup>(2)</sup>	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%
2017/18	9,279,439	5,447,199	14,726,639	8,918,736	5,290,647	14,209,382	96.49%

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 <sup>(1)</sup>
	1%	D.S.	Amount	1%	D.S.	Amount	
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%
2017/18	109,223	150,134	259,357	9,027,959	5,440,781	14,468,740	98%

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.

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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)**

<u>Fiscal Year</u>	<u>Governmental Activities</u>						<u>Total Governmental Activities</u>
	<u>Pension Obligation Bonds</u>	<u>Tax Allocation Bonds</u>	<u>Tax Increment Deferred Loan</u>	<u>HUD Section 108 Loans</u>	<u>Library Special Tax Revenue Note</u>	<u>Capital Lease Obligation</u>	
<b>2008/09</b>	17,380	29,175	27,129	5,283	2,897	1,528	83,392
<b>2009/10</b>	16,855	28,095	30,835	5,033	2,621	1,430	84,869
<b>2010/11</b>	16,345	26,975	34,611	4,768	2,335	1,326	86,360
<b>2011/12<sup>(3)</sup></b>	15,850	-	-	4,487	2,038	1,219	23,594
<b>2012/13</b>	15,365	-	-	4,189	1,729	1,106	22,389
<b>2013/14</b>	14,890	-	-	3,873	1,409	988	21,160
<b>2014/15</b>	14,425	-	-	3,538	1,077	2,442	21,482
<b>2015/16</b>	13,970	-	-	3,182	731	2,307	20,190
<b>2016/17</b>	13,520	-	-	2,804	373	2,123	18,820
<b>2017/18</b>	13,075	-	-	2,403	-	1,926	17,404

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.

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Source: City of Monterey Park Management Services Department

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

<u>Fiscal Year</u>	<u>Business-Type Activity</u>  <u>Capital Lease Obligation</u>	<u>Total Primary Government</u>	<u><sup>(1)</sup> Percentage of Personal Income</u>	<u>Population</u>	<u><sup>(2)</sup> Debt Per Capita</u>
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 <sup>(3)</sup>	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	0.01%	62,063	552
2015/16	12,127	32,317	0.01%	61,346	527
2016/17	10,567	29,387	N/A	61,606	477
2017/18	9,809	27,213	N/A	62,240	437

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.

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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)**

<b>Fiscal Year</b>	<b>Pension Obligation Bonds <sup>(1)</sup></b>	<b>Actual Taxable Value of Property</b>	<b>Percent of Actual Taxable Value of Property <sup>(2)</sup></b>	<b>Population</b>	<b>Net Bonded Debt Per Capita</b>
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 <sup>(3)</sup>	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
2017/18	13,075	7,269,530	0.18%	62,240	210

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.

**CITY OF MONTEREY PARK**  
**Direct and Overlapping Debt**  
**As of June 30, 2018**

	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable To City</u>	<u>Net Bonded Debt</u>
<b>Overlapping Debt</b>			
METROPOLITAN WATER DISTRICT	29,354	0.032	9,291
GARVEY SD OS 2004 SERIES 2006	13,092,423	29.403	3,849,537
GARVEY SD OS 2004 SERIES C	8,477,964	29.403	2,492,758
GARVEY SD OS 2011 REFUND BONDS	3,555,000	29.403	1,045,269
GARVEY SD OS 2013 REF BONDS	1,385,000	29.403	407,229
GARVEY SD OS 2014 REF BONDS	4,240,000	29.403	1,246,678
GARVEY SD OS 2016 SERIES A	10,000,000	29.403	2,940,279
LA CCD OS 2003 TAXABLE SERIES 2004B	2,115,000	0.915	19,362
LA CCD OS 2001 TAXABLE SERIES 2004A	31,555,000	0.915	288,869
LA CCD OS 2001, 2008 SER E-1	7,580,000	-0.915	69,391
LA CCD OS 2003, 2008 SER F-1	7,575,000	0.915	69,345
LA CCD OS 2008, 2009 TAXABLE SER B	75,000,000	0.915	686,585
LA CCD OS 2008, 2010 TAX SERIES D	125,000,000	0.915	1,144,309
LA CCD OS 2008, 2010 TAX SERE (BABS)	900,000,000	0.915	8,239,021
LA CCD OS 2008 2012 SERIES F	205,000,000	0.915	1,876,666
LA CCD OS 2013 REF BONDS	42,305,000	0.915	387,280
LA CCD OS 2008 SERIES G	1,664,870,000	0.915	15,241,000
LA CCD OS 2015 REF SERIES A	33,270,000	0.915	304,569
LA CCD OS 2015 REF SERIES B	272,085,000	0.915	2,490,793
LA CCD OS 2015 REF SERIES C	223,910,000	0.915	2,049,777
LA CCD OS 2008 SERIES I	175,565,000	0.915	1,607,204
LA CCD OS 2016 REF BONDS	300,000,000	0.915	2,746,340
LA CCD OS 2016, 2017 SER A	100,000,000	0.915	915,447
LOS ANGELES USO OS 2004 SERIES A	125,535,000	0.038	47,616
LOS ANGELES UNIF OS 2005 REF BONDS A-1	38,035,000	0.038	14,426
LOS ANGELES UNIF OS 2005 REF BONDS A-2	14,790,000	0.038	5,610
LOS ANGELES UNIF OS 2002 SERIES E	200,000,000	0.038	75,857
LOS ANGELES UNIF OS 2004 SERIES J	739,280,000	0.038	280,397
LOS ANGELES UNIF OS 2005 SERIES H	609,075,000	0.038	231,013
LAUSD MEASURER SERIES 2009	47,425,000	0.038	17,988
LAUSD MEASURE R SERIES KRY BABS	363,005,000	0.038	137,682
LAUSD MEASURE Y 2009 SERIES KRY BABS	806,795,000	0.038	306,005
LAUSD MEASURE K 2010 SERIES KRY	145,250,000	0.038	55,091
LAUSD MEASURER 2010 SERIES KRY	157,165,000	0.038	59,610
<b>Sub-Total Overlapping Debt</b>			<b>51,358,294</b>

2017/18 Assessed Valuation: \$5,910,052,436 After Deducting \$1,359,477,976 Incremental Value.

Debt to Assessed Valuation Ratios:	Direct Debt	0.24%
	Overlapping debt	1.56%
	Total debt	1.80%

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, 2018**

	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable To City</u>	<u>Net Bonded Debt</u>
<b>Overlapping Debt (Continued)</b>			
LAUSD MEASURE Y 2010 SERIES KRY	130,450,000	0.038	49,478
LAUSD MEASURE Y 2010 SERIES RY BABS	477,630,000	0.038	181,158
LAUSD MEASURE Y 2010 SERIES RY BABS	772,955,000	0.038	293,170
LOS ANGELES UNIF OS 2011 REFUNDING BOND SERIES A 1	127,870,000	0.038	48,499
LOS ANGELES UNIF OS 2011 REFUNDING BOND SERIES A 2	143,980,000	0.038	54,609
LOS ANGELES UNIF OS 2014 REF BOND SERIES A	109,940,000	0.038	41,699
LOS ANGELES UNIF DS 2014 REF BOND SERIES B	283,135,000	0.038	107,389
LOS ANGELES UNIF OS 2014 REF BOND SERIES C	909,360,000	0.038	344,906
LOS ANGELES UNIF DS 2014 REF BOND SERIES D	153,385,000	0.038	58,177
LOS ANGELES UNIF DS 2005 SERIES K	8,035,000	0.038	3,048
LOS ANGELES UNIF OS 2015 REF BONDS SERIES A	318,085,000	0.038	120,645
LOS ANGELES UNIF OS 2008 SERIES A 2016	1,162,115,000	0.038	440,772
LOS ANGELES UNIF OS 2016 REF BONDS SERIES A	500,855,000	0.038	189,967
LOS ANGELES UNIF DS 2016 REF BONDS SERIES B	1,057,635,000	0.038	401,144
LOS ANGELES UNIF OS 2017 REF BONDS SER A PROP BB	1,202,445,000	0.038	456,069
MONTEBELLO USO OS 1998 SERIES 1998	4,344,911	8.661	376,329
MONTEBELLO USO OS 1998 SERIES 1999	6,754,609	8.661	585,042
MONTEBELLO USO OS 1998 SERIES 2002	12,862,369	8.661	1,114,057
MONTEBELLO USO OS 2004 SERIES 2008	870,000	8.661	75,354
MONTEBELLO USO OS 2004 SERIES 2009-1	1,820,000	8.661	157,637
MONTEBELLO USO OS 2004 SERIES 2009A-2 BABS	12,640,000	8.661	1,094,797
MONTEBELLO USO OS 2010 REFUNDING BONDS	3,380,000	8.661	292,754
MONTEBELLO USO OS REF 2004 SERIES 2013A	18,300,000	8.661	1,585,030
MONTEBELLO USO OS REF BOND SERIES 2015	28,215,000	8.661	2,443,805
MONTEBELLO USO OS REF BONDS 2016 SERIES A	14,820,000	8.661	1,283,615
MONTEBELLO USO OS 2016 SERIES A	92,205,000	8.661	7,986,214
ALHAMBRA USO DS 1999 SERIES A	7,111,121	32.976	2,344,968
ALHAMBRA USO OS 2005 REF BONDS	4,565,000	32.976	1,505,358
ALHAMBRA USO OS 2008 SERIES A SFID	15,654,708	32.976	5,162,308
ALHAMBRA USO-GARVEY OS 2004 SERIES B	22,199,695	32.976	7,320,587
ALHAMBRA USO OS 2008 SERIES B-1 QSCB	8,618,000	32.976	2,841,878
ALHAMBRA USO-GARVEY OS 2012 REF SERIES A	34,315,000	32.976	11,315,739
ALHAMBRA USO-GARVEY OS 2016 REF SERIES A	12,370,000	32.976	4,079,140
ALHAMBRA USO OS 2016 REF BOND SERIES B	23,160,000	32.976	7,637,258
<b>Sub-Total Overlapping Debt</b>			<b><u>61,992,597</u></b>
<b>Total Overlapping Debt</b>			<b><u>\$ 113,350,891</u></b>
Direct Debt:			
Pension Obligation Bonds	13,075,000	100%	13,075,000
HUD Section 108 Loan	2,403,000	100%	2,403,000
Capital Lease Obligation	1,925,567	100%	1,925,567
<b>Total Direct Debt</b>			<b><u>\$ 17,403,567</u></b>
<b>Total Direct and Overlapping Debt</b>			<b><u>\$ 130,754,458</u></b>

Source: HDL Coren & Cone

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

	Fiscal Year				
	2008/09	2009/10	2010/11	2011/12	2012/13
Assessed valuation	5,322,844	5,396,347	5,448,783	5,561,867	5,821,655
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	798,427	809,452	817,317	834,280	873,248
Total net debt applicable to limit: Pension obligation bonds	<u>17,380</u>	<u>16,855</u>	<u>16,345</u>	<u>15,850</u>	<u>15,365</u>
Legal debt margin	<u>\$ 781,047</u>	<u>\$ 792,597</u>	<u>\$ 800,972</u>	<u>\$ 818,430</u>	<u>\$ 857,883</u>
Total debt applicable to the limit as a percentage of debt limit	2.18%	2.08%	2.00%	1.90%	1.76%

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

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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				
	2013/14	2014/15	2015/16	2016/17	2017/18
Assessed valuation	6,052,916	6,315,574	6,591,897	6,934,068	7,269,530
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	907,937	947,336	988,785	1,040,110	1,090,430
Total net debt applicable to limit: Pension obligation bonds	<u>14,890</u>	<u>14,425</u>	<u>13,970</u>	<u>13,520</u>	<u>13,075</u>
Legal debt margin	<u>\$ 893,047</u>	<u>\$ 932,911</u>	<u>\$ 974,815</u>	<u>\$ 1,026,590</u>	<u>\$ 1,077,355</u>
Total debt applicable to the limit as a percentage of debt limit	1.64%	1.52%	1.41%	1.30%	1.20%

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

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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**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
<b>2008/09</b>	64,874	402,459,119	40,867	8.5%
<b>2009/10</b>	65,027	410,674,615	41,791	9.4%
<b>2010/11</b>	60,435	420,913,463	42,564	9.3%
<b>2011/12</b>	61,153	443,088,010	44,474	9.0%
<b>2012/13</b>	61,445	466,098,988	46,530	7.0%
<b>2013/14</b>	61,777	499,767,889	49,400	6.5%
<b>2014/15</b>	62,063	544,324,900	53,521	5.2%
<b>2015/16</b>	61,346	563,907,868	55,624	5.2%
<b>2016/17</b>	61,606	N/A	N/A	4.5%
<b>2017/18</b>	62,240	N/A	N/A	3.9%

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 for the county)
  3. State of California, Department of Finance

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

<b>Employers</b>	<b>2017/18</b>	
	<b>Number of Employees</b>	<b>Percentage of Total Employment <sup>(1)</sup></b>
Garfield Medical Center	976	0.020%
Southern California Gas Company	387	0.008%
Capital Seafood Restaurant	384	0.008%
Syner Med Inc	356	0.007%
Costco	350	0.007%
Monterey Park Hospital	320	0.007%
Care 1st Health Plan	213	0.004%
Remitco LLC	187	0.004%
24 Hour Fitness	143	0.003%
Chinese Daily News	142	0.003%
Home Depot	130	0.003%
California Psychcare Inc	103	0.002%

Note:

(1) Percentage of total employment is calculated based on Los Angeles County's total employment annual force of 4,883,600 in 2017 and 4,345,200 in 2009.

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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)**

<b>Employers</b>	<b>2008/09</b>	
	<b>Number of Employees</b>	<b>Percentage of Total Employment <sup>(1)</sup></b>
Garfield Medical Center	951	0.022%
Monterey Park Hospital	362	0.008%
Care 1st Health Plan	315	0.007%
Southern California Gas Company	275	0.006%
Pacific Bell	232	0.005%
Chinese Daily News	184	0.004%
Ralph's Grocery Store	173	0.004%
Syner Med Inc	156	0.004%
Remitco LLC	155	0.004%
CVS Pharmacies	139	0.003%
Camino Real Chevrolet	119	0.003%
Southern California Edison Company	114	0.003%

Note:

(1) Percentage of total employment is calculated based on Los Angeles County's total employment annual force of 4,883,600 in 2017 and 4,345,200 in 2009.

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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>	<u>Fiscal Year</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>	<u>17-18</u>
General Government	37	32	35	32	32	32	31	32	33	33
Public Safety										
Police	131	123	113	113	114	114	114	116	119	119
Fire	64	62	59	58	58	58	58	58	59	61
Public Works	62	59	70	70	70	70	71	71	71	71
Culture and Recreation										
Library	31	25	24	24	25	25	26	26	26	26
Recreation/Community Services	54	49	36	36	36	36	37	37	37	37
Community/Economic Development	27	24	15	12	13	13	14	14	15	17
<b>Total</b>	<b>406</b>	<b>374</b>	<b>352</b>	<b>345</b>	<b>348</b>	<b>347</b>	<b>350</b>	<b>352</b>	<b>359</b>	<b>364</b>

Note: Numbers represent Full-Time-Equivalent positions.

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Source: City of Monterey Park Annual Budget

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

	Fiscal Year				
	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Police:</b>					
Number of service calls	54,925	53,863	54,363	54,128	51,130
Response time priority I (emergency) (minutes/seconds)	4:25	4:00	4:03	4:10	3:55
<b>Fire:</b>					
Number of emergency calls	4,094	4,378	3,757	4,103	4,565
Inspections	3,372	3,438	3,438	2,570	2,385
<b>Public works:</b>					
Street resurfacing (miles)	-	7.66	0.47	2.05	14.68
<b>Parks and recreation:</b>					
Hours of recreation classes	770	700	770	770	540
Number of facility rentals / Number of hours of facility rentals <sup>(1)</sup>	241	141	141	177	145
<b>Water:</b>					
Meters changed and upgrades	518	513	564	1,149	739
Water turn-ons and turn-offs	2,939	2,521	2,079	2,436	2,856
Average daily consumption (thousand of gallons)	11,000	11,000	8,000	8,000	8,000

Note:

(1) Start FY 2016/17, number of hours of facility rentals are being used.

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Sources: 1. City of Monterey Park Annu  
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				
	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Police:</b>					
Number of service calls	51,735	54,568	54,183	53,646	54,724
Response time priority I (emergency) (minutes/seconds)	4:28	3:56	4:49	4:46	4:19
<b>Fire:</b>					
Number of emergency calls	4,538	4,605	4,985	5,047	5,121
Inspections	2,955	2,424	5,139	3,523	3,516
<b>Public works:</b>					
Street resurfacing (miles)	0.48	0.16	2.12	2.71	2.80
<b>Parks and recreation:</b>					
Hours of recreation classes	640	640	650	600	901
Number of facility rentals / Number of hours of facility rentals <sup>(1)</sup>	167	165	175	1,197	1,230
<b>Water:</b>					
Meters changed and upgrades	329	10,994	98	112	120
Water turn-ons and turn-offs	2,412	2,412	2,682	2,440	2,000
Average daily consumption (thousand of gallons)	8,000	8,000	8,000	8,000	8,000

Note:  
(1) Start FY 2016/17, number of hours of facility rentals are being used.

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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				
	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Police:</b>					
Stations	1	1	1	1	1
<b>Fire:</b>					
Fire stations	3	3	3	3	3
<b>Public works:</b>					
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
<b>Parks and recreation:</b>					
Parks	14	14	14	14	14
Community centers					
<b>Water:</b>					
Water mains (miles)	134	134	134	134	134
Maximum Actual Daily Pumped (thousands of gallons)	12,140	11,733	11,140	11,340	12,810
<b>Wastewater:</b>					
Sanitary sewers (miles)	126	126	126	126	126
Storm sewers (miles)	12.43	12.43	12.43	12.43	12.43

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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				
	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Police:</b>					
Stations	1	1	1	1	1
<b>Fire:</b>					
Fire stations	3	3	3	3	3
<b>Public works:</b>					
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
<b>Parks and recreation:</b>					
Parks	14	14	14	14	14
Community centers					
<b>Water:</b>					
Water mains (miles)	134	134	134	134	134
Maximum Actual Daily Pumped (thousands of gallons)	11,510	9,680	7,200	6,800	7,000
<b>Wastewater:</b>					
Sanitary sewers (miles)	126	126	126	126	126
Storm sewers (miles)	12.43	12.43	12.43	12.43	12.43

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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)**

	<b>Fiscal Year</b>				
	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
Type of Customers:					
Residential	2,814.1	2,693.5	2,718.3	2,570.3	2,825.1
Commercial	924.6	925.8	935.0	861.8	893.6
Institutional	132.3	127.8	130.0	175.0	163.0
Government	87.6	90.1	89.1	90.0	88.0
Total	<u>3,958.6</u>	<u>3,837.2</u>	<u>3,872.4</u>	<u>3,697.1</u>	<u>3,969.7</u>

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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)**

	<b>Fiscal Year</b>				
	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Type of Customers:					
Residential	2,824.1	2,431.1	2,504.0	2,151.5	2,355.5
Commercial	893.8	896.6	914.5	835.8	876.9
Institutional	160.0	159.1	163.9	161.1	163.3
Government	82.0	80.0	81.6	80.3	83.1
<b>Total</b>	<b><u>3,959.9</u></b>	<b><u>3,566.8</u></b>	<b><u>3,664.0</u></b>	<b><u>3,228.7</u></b>	<b><u>3,478.8</u></b>

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Source: City of Monterey Park Management Services Department

**CITY OF MONTEREY PARK**  
**Water Rates**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Monthly Base Rate</b>	<b>Rate per 1,000 Gallons</b>
<b>2008/09</b>	12.72	2.22
<b>2009/10</b>	12.63	2.21
<b>2010/11</b>	12.63	2.21
<b>2011/12</b>	12.63	2.21
<b>2012/13</b>	12.63	2.21
<b>2013/14</b>	12.63	2.21
<b>2014/15</b>	14.50	2.39
<b>2015/16</b>	15.95	2.49
<b>2016/17</b>	17.55	2.89
<b>2017/18</b>	19.30	3.02

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).

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Source: City of Monterey Park Management Services Department

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

<b>Water Customer</b>	<b>2017/18</b>		<b>2013/14</b>	
	<b>Water Charges</b>	<b>Percent of Total Water Revenues</b>	<b>Water Charges</b>	<b>Percent of Total Water Revenues</b>
Atlantic Times Square #740	\$ 101,147	0.99%	\$ 72,291	0.95%
Aespace America Inc.	71,055	0.69%	53,708	0.71%
Atlantic Times Square #750	63,209	0.62%	26,348	0.35%
MP 3600 LLC	62,114	0.61%	-	0.00%
Moon Valley Nursery of CA Inc.	44,806	0.44%	-	0.00%
Garfield Medical Ctr	38,194	0.37%	35,982	0.47%
Garfield Estates	34,781	0.34%	23,646	0.31%
Continental Homes	32,438	0.32%	33,368	0.44%
So. Cal gas Co.	29,305	0.29%	16,918	0.22%
Tay Pao Soukaphay	27,403	0.27%	18,785	0.25%
	<u>\$ 504,452</u>	<u>4.93%</u>	<u>\$ 281,046</u>	<u>3.69%</u>

Source: City of Monterey Park Management Services Department

