

*City of Monterey Park, California*



*COMPREHENSIVE ANNUAL  
FINANCIAL REPORT*

*Year ended June 30, 2016*

# City Council



*Mayor*  
Mitchell Ing



*Vice Mayor*  
Teresa Real Sebastian



*Council Member*  
Stephen Lam



*Council Member*  
Hans Liang



*Council Member*  
Peter Chan

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

## Executive Team

Paul Talbot ..... *City Manager*  
Hensley Law Group..... *City Attorney*  
Ron Bow ..... *Director of Public Works/Assistant City Manager*  
Scott Haberle ..... *Fire Chief*  
Jim Smith..... *Police Chief*  
Michael Huntley ..... *Director of Community & Economic Development*  
Tom Cody..... *Director of Human Resources/Risk Management*  
Chu Thai..... *Director of Management Services*  
Annie Yaung..... *Controller*  
Dan Costley ..... *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, 2016

**Prepared by the Management Services Department**

**Annie Yaung, CPFO  
Controller**

**CITY OF MONTEREY PARK**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2016**

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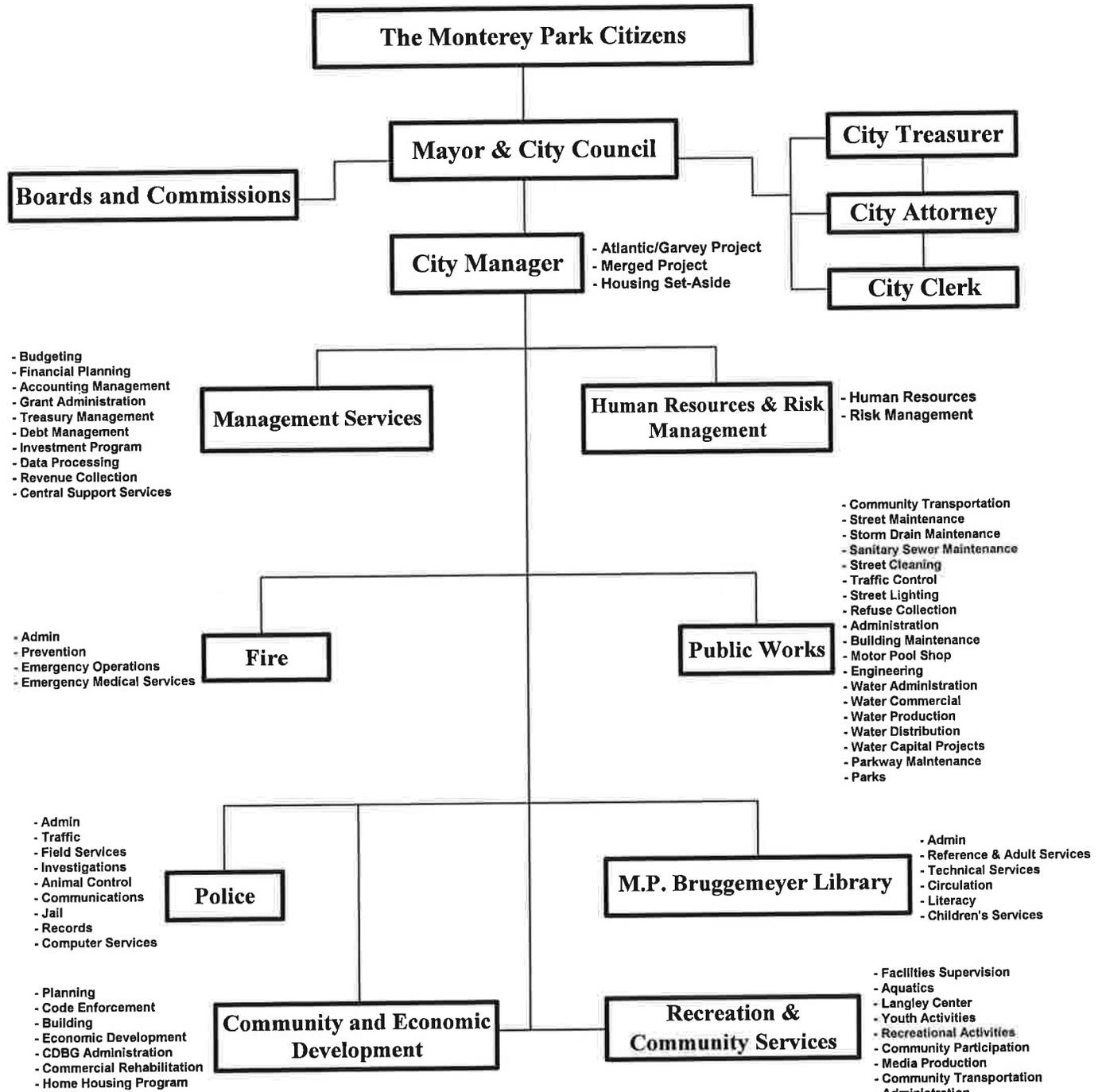
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# City of Monterey Park Organization Chart



*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

December 1, 2016

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, 2016.

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, 2016, 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 2015-16 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 terms limit, 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.

## **Local Economic Condition**

Monterey Park is located six miles east of Los Angeles at the western gateway to the San Gabriel Valley. It encompasses an area of 7.73 square miles with a population of approximately 62,000. Monterey Park is primarily a residential community, with 78% of its land zoned for single and multiple family housing. Major businesses include food and drug, auto sales, banking, restaurants, hospitals and medical offices, and light manufacturing.

In 2015, Monterey Park's housing market showed a robust increase in single-family home prices as reflected in an average single family Monterey Park home sold for about \$615,000, a 9 percent increase from the previous year. Because of its desirable location, house values in Monterey Park are expected to continue remaining strong.

In 2015, the City's financial prospects, similar to the nation's continued to be positive. The City continues assisting two commercial developments. Specifically, the Monterey Park Market Place will include over 500,000 square feet of commercial, retail and restaurant space and is anticipated to have many well known national and regional tenants. There was also interest by the Hotel Industry in establishing three new hotels in the North Atlantic Area to meet the growing demands of the tourist industry in the greater San Gabriel Valley area. The potential growth in the community is a clear sign that the economy is improving and that the development industry is willing to invest in the City's economic future. When completed, these projects will generate a large number of new jobs and tax revenues for the City.

## **Financial Overview and Policies**

For 2015-16, the City continued the reporting requirement per Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and reported the net pension liability on the face of the *Statement of Net Position*. The net pension liability amount was significant because it reflected the projected future pension benefit payments for current and former employees. Excluding this net pension liability amount, the City's end of year financial condition for 2015-16 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 2016-17 Adopted Budget includes a conservative fiscal spending plan and reflects \$6 million for infrastructure and capital improvements, specifically water, sewer, and street projects. The City continues improving efficiencies by aligning closely related programs to achieve long-term financial stability.

### **Major Accomplishments**

The Monterey Park's major accomplishments during the fiscal year 2015-16, which displayed significant financial impacts, included:

- Invested \$9.4 million in infrastructure and capital improvement projects, including a \$1.4 million Midyear budget approval for Police locker room, fire ambulance, conservation garden, ADA sidewalks, Park improvements, and graffiti truck, and \$1.8 million for the South Garfield Village and Downtown improvements.
- Implemented the 2<sup>nd</sup> year water, sewer, and trash rate adjustments to cover operational and capital improvement costs.
- Completed environmentally friendly exterior rehabilitation projects throughout the City facilities and infrastructure, as well as continued the overall City water main and energy retrofitting improvements.
- Facilitated the construction of a 6-unit affordable housing project and the development of an 80-unit residential housing project, which both projects will be completed in 2016-17.
- Continued prudent, conservative management of the City's investment portfolio to maximize investment earning.
- Completed the e-Payables finance modification to move the City's accounts payable process toward using online payment technologies.

- Continued implementing the Governmental Accounting Standards Board (GASB) Statement No. 68 and No. 71, disclosing the net pension liability on the face of the financial statements.
- Continued the prepayment practice for the CalPERS pension payments and used the savings generated from the prepayment program to further reduce the City's pension unfunded liabilities.

### **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 2015-16 appropriations limit was \$76.1 million and the City's actual appropriation subject to the limit was 54% below the legal limit. Based on the past trend and projected future growth, the City believes its appropriations will continue remaining within the legal limit.

### **Debt Administration**

The primary objective of the City's debt administration is to maintain its accessibility to capital market at the lowest possible cost; i.e. interest cost, without endangering its ability to finance essential services. The City uses debt financing only for capital improvements or projects that cannot be financed from current revenues. The City has been successful in obtaining financing for various infrastructure improvements, such as library expansion, water main replacement, police 911 computer system, and water treatment plants. In 2015, the City did not incur any additional debt.

### **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, 2016, the City's investment balances were \$88.4 million.

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

## **Risk Management**

Monterey Park is self-insured for general liability and workers' compensation. The City has acquired excess coverage for both from the Independent Cities Risk Management Authority, a joint power authority servicing member cities throughout Southern California. 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, 2015. This was the 27<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 2015-16 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 2016-17 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 Annie Young, Controller, and her finance staff for their efficient and dedicated services in completing this annual financial report. 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  
Interim City Manager



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, 2015**

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Monterey Park  
California**

For the Fiscal Year Beginning

**July 1, 2015**

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **City of Monterey Park, CA** for its annual budget for the fiscal year beginning **July 1, 2015**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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

# California Society of Municipal Finance Officers

*Certificate of Award*

## ***Operating Budget Excellence Award Fiscal Year 2015-2016***

*Presented to the*

***City of Monterey Park***

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

***February 23, 2016***



Handwritten signature of Jesse Takahashi in black ink.

***Jesse Takahashi  
CSMFO President***

Handwritten signature of Michael Gomez in black ink.

***Michael Gomez, Chair  
Professional Standards and  
Recognition Committee***

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

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monterey Park, California (the City), as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in its financial position where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability and related ratios, and the schedules of contribution – CalPERS and MMRP pension plans, the schedule of funding progress - other post-employment benefits plan, and budgetary comparison schedules for the General Fund, Special Revenue Grants Fund, Special Revenue Retirement/Pension Liability Fund, and Special Revenue Housing Fund, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and individual fund schedules (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, 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 Dickl Evers LLP*

Irvine, California  
November 28, 2016

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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, 2016, the transmittal letter, and notes to the basic financial statements.

### **Government-wide Financial Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

## Governmental Funds

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

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

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

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

## Proprietary Funds

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

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

## Fiduciary Funds

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

## **Notes to the Basic Financial Statements**

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

## **Required Supplementary Information**

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

## **Other Supplementary Information**

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

## **Financial Highlights**

- Total 2015-16 net position increased by \$17.3 million (\$14.3 million for governmental activities and \$3.0 million for business-type activities) from 2014-15. The increases included a transfer of the 2002 Bonds proceeds of \$5.6 million from the Successor Agency to the City's account for development projects; changes in net pension obligation which did not require the use of current financial resources of \$4.4 million; and no housing assets disposal losses incurred in 2015-16.
- As of June 30, 2016, the City's assets exceeded liabilities by \$43.5 million, of which \$71.2 million was related to net investment in capital assets, \$22.7 million was restricted for special revenues, and (\$50.4) million was unrestricted.
- For 2015-16, the City Council approved additional capital improvement expenditures at the Midyear Budget Review, including \$1.4 million for Police locker room facilities, basketball courts LED lights, Fire rescue ambulance, conservation garden, Langley ADA sidewalks, ELAC/Cesar Chavez sidewalks, paving materials and graffiti truck. The \$1.4 million was allocated from the Assigned General Fund Capital Improvement Fund Balance.
- At the 2015-16 year end, the General Fund total fund balance was \$28.4 million, increased by \$6.8 million from last year. The increases were mainly from (1) the transfer of 2002 TI Bonds proceeds of \$5.6 million from the Successor Agency to the City, which was approved by the State Department of Finance through the ROPS process and (2) receipts of higher property tax and sales tax revenues. Total unassigned General Fund balance was \$4.6 million at June 30, 2016.

- The City continued the second year water, sewer, and trash rates adjustments and the new rates were effective on September 1, 2015. Drought continued gripping much of the western U.S. this year, with a particular stranglehold in California. Citizens adopted more resilient approaches to managing their water consumptions. As a result, the additional water revenues generated from rate increases were offset by lower water consumptions and the additional revenues were not at the original anticipated level.
- The City continued the last phase of the energy efficiency improvements throughout city parks, facilities and infrastructure, including interior lighting, exterior lighting, HVAC equipment replacement, building automation system and water meter replacements. 95% of the improvements have been completed at June 30, 2016.
- 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, 2016, the City's combined net position (governmental and business-type activities) totaled \$43.5 million, up \$17.3 million from last year. In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 68 and No. 71, the City continued recognizing and calculating its pension obligations. As of June 30, 2016, the net pension liabilities reported in the Statement of Net Position totaled \$75.7 million.

Net position consists of three categories: net investment in capital assets, restricted, and unrestricted. The largest portion of the City's net position, approximately \$71.2 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 \$22.7 million at June 30, 2016. 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, 2016, the City's total unrestricted net position was a negative \$50.4 million.

*Statement of Net Position*  
*Fiscal Years Ended June 30, 2016 and June 30, 2015*  
(In thousands)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
<i>Assets:</i>						
<i>Current</i>	\$ 65,105	\$ 57,018	\$ 31,213	\$ 36,019	\$ 96,318	\$ 93,037
<i>Non Current</i>						
<i>Capital Assets</i>	50,955	49,576	35,259	27,831	86,214	77,407
<i>Other Assets</i>	3,643	3,930			3,643	3,930
<i>Total Assets</i>	<u>119,703</u>	<u>110,524</u>	<u>66,472</u>	<u>63,850</u>	<u>186,175</u>	<u>174,374</u>
<i>Deferred Outflow of Resources</i>	<u>6,103</u>	<u>5,163</u>	<u>691</u>	<u>567</u>	<u>6,794</u>	<u>5,730</u>
<i>Liabilities:</i>						
<i>Current</i>	7,808	9,110	4,036	3,269	11,844	12,379
<i>Long-Term</i>	110,439	105,659	19,845	20,578	130,284	126,237
<i>Total liabilities:</i>	<u>118,247</u>	<u>114,769</u>	<u>23,881</u>	<u>23,847</u>	<u>142,128</u>	<u>138,616</u>
<i>Deferred inflow of Resources</i>	<u>6,726</u>	<u>13,961</u>	<u>612</u>	<u>1,300</u>	<u>7,338</u>	<u>15,261</u>
<i>Net Position:</i>						
<i>Net Investment in</i>						
<i>Capital Assets</i>	47,995	46,668	23,133	19,619	71,128	66,287
<i>Restricted</i>	22,222	20,251	515	4,536	22,737	24,787
<i>Unrestricted</i>	<u>(68,991)</u>	<u>(79,961)</u>	<u>18,630</u>	<u>15,114</u>	<u>(50,361)</u>	<u>(64,847)</u>
<i>Total Net Position</i>	<u>\$ 1,226</u>	<u>\$ (13,042)</u>	<u>\$ 42,278</u>	<u>\$ 39,269</u>	<u>\$ 43,504</u>	<u>\$ 26,227</u>

**Governmental Activities Financial Analysis**

Overall governmental activities increased the City's net position by \$14.3 million. The net position increase was due primarily to a transfer of the 2002 Bonds proceeds of \$5.6 million from the Successor Agency to the City's General Fund and changes in deferred inflows in computing net pension obligation of \$7.9 million.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
<i>Revenues:</i>						
<b><u>Program Revenues:</u></b>						
<i>Charges for Services</i>	\$ 10,324	\$ 8,767	\$ 21,951	\$ 19,538	\$ 32,275	\$ 28,305
<i>Operating Grants &amp; Contributions</i>	7,954	7,964			7,954	7,964
<i>Capital Grants &amp; Contributions</i>	502	558	97	99	599	657
<b><u>General Revenues:</u></b>						
<i>Taxes</i>	35,478	35,002			35,478	35,002
<i>Revenues from Use of Money and Property</i>	1,156	930	1	2	1,157	932
<i>Other</i>	1,404	1,153	1,600	1,259	3,004	2,412
<i>Gain on Sale of Capital Assets</i>				18		18
<b><i>Total Revenues</i></b>	<b><u>56,818</u></b>	<b><u>54,374</u></b>	<b><u>23,649</u></b>	<b><u>20,916</u></b>	<b><u>80,467</u></b>	<b><u>75,290</u></b>
<i>Expenses:</i>						
<i>General Government</i>	3,771	5,028			3,771	5,028
<i>Public Safety</i>	27,480	26,907			27,480	26,907
<i>Comm. Development</i>	2,457	7,050			2,457	7,050
<i>Culture &amp; Recreation</i>	7,151	8,248			7,151	8,248
<i>Highway &amp; Streets</i>	6,223	5,512			6,223	5,512
<i>Health</i>	117	489			117	489
<i>Debt Services</i>	990	1,269			990	1,269
<i>Water/Refuse/Sewer</i>			20,642	20,086	20,642	20,086
<b><i>Total Expenses:</i></b>	<b><u>48,189</u></b>	<b><u>54,503</u></b>	<b><u>20,642</u></b>	<b><u>20,086</u></b>	<b><u>\$ 68,831</u></b>	<b><u>74,589</u></b>
<i>Increase in Net Position</i>						
<i>Before Extraordinary item</i>	8,629	(129)	3,007	830	11,636	701
<i>Extraordinary item</i>	5,639				5,639	
<b><i>Changes in Net Position</i></b>	<b><u>14,268</u></b>	<b><u>(129)</u></b>	<b><u>3,007</u></b>	<b><u>830</u></b>	<b><u>17,275</u></b>	<b><u>701</u></b>
<i>Net Position – July 1 (as restated)</i>	(13,042)	(12,913)	39,269	38,439	26,227	25,526
<b><i>Net Position – June 30</i></b>	<b><u>\$ 1,226</u></b>	<b><u>\$ (13,042)</u></b>	<b><u>\$ 42,276</u></b>	<b><u>\$ 39,269</u></b>	<b><u>\$ 43,502</u></b>	<b><u>\$ 26,227</u></b>

### 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, 2016, the City's governmental funds reported a combined ending fund balance of \$50.4 million, an increase of \$7.3 million from the prior year. The fund balance categories of governmental fund displayed \$741,556 as nonspendable, \$21.7 million as restricted, \$11.6 million as committed, \$12.1 million as assigned, and \$4.4 million as unassigned. This unassigned amount was comprised of a \$4.6 million from the General Fund and a negative \$168,139 from special revenue funds. (Please refer to Note 15 of the Notes to Basic Financial Statements for detailed breakdown.)

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

**General Fund** is the main operating fund of the City, which finances the majority of the police, fire, recreation, parks maintenance, public works, library, community development, and general administrative services. General Fund revenues, transfers, and extraordinary item for 2015-16 totaled \$44.5 million, an increase of \$5 million over 2014-15. The increase was mainly due to a transfer of \$5.6 million of the remaining 2002 Tax Increment Revenue Bonds proceeds from the Successor Agency Fiduciary Fund to the City approved by the Department of Finance. General Fund expenditures and transfers for 2015-16 totaled \$37.6 million, a decrease of \$0.4 million from 2014-15. As of June 30, 2016, the total fund balance of the General Fund was \$28.4 million, up \$6.8 million from last year. The City assigned the increase amount for future capital improvements. The unassigned portion of the fund balance totaled \$4.6 million.

**Special Revenue Grants Fund** reports the activities of various grants that the City received from the Federal, State, and County agencies. Unspent grant funds are accumulated for expenditures in the future years. Total grants received for governmental activities in 2015-16 were \$3.3 million, up \$141,277 from last year. Total 2015-16 grant funded expenditures and transfers were \$3.4 million, reflecting an increase of \$314,297 from 2014-15. Total fund balance of the Special Revenue Grants Fund as of June 30, 2016 was \$1.5 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 2015-16 were \$9 million. Total expenditures for 2015-16 were \$8.2 million, up \$1.1 million from 2014-15. 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, 2016 was \$9.3 million of which was restricted for employee retirement costs.

**Special Revenue Housing Fund** accounts for housing activities. The City assumed the responsibility of the housing assets and functions after the dissolution of the City's Redevelopment Agency. Total revenues for 2015-16 were \$7,620 and total expenditures were \$99,930. The expenditures reflected costs for housing monitoring services. As of June 30, 2016, the fund balance of the Special Revenue Housing Fund was \$2.5 million.

**Nonmajor Governmental Funds** account for various activities including street improvement, transportation, library expansion and services, air quality improvement, lighting and landscaping district, and public safety activity. Total revenues for 2015-16 were \$8.1 million, up \$0.3 million from 2014-15. Total expenditures for 2015-16 were \$7.9 million, an increase of \$1.2 million over 2014-15. As of June 30, 2016, the fund balance of the Nonmajor Governmental Funds totaled \$8.8 million, down \$0.1 million from 2014-15.

## 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 2015-16 water revenues were \$13.9 million, up \$1.2 million from 2014-15. The increase in water revenues reflected rate adjustments made in September 2015. Water expenses were \$12.2 million, down \$928,000 from prior year. The decreases in Water expenses were primarily due to the shifting of the legal and retiree medical costs to the General Fund. Net position for the Water Fund displayed \$38 million, increased of \$1.8 million due mainly to higher treatment operation reimbursements of \$341,000 from the Water Quality Authority and lesser expenses of \$1.4 million incurred by water funds.

Refuse Fund revenues were \$6.95 million, up \$0.6 million from last year. The increase was due to rate adjustments made in September 2015. Operating expenditures were \$6.99 million, an increase of 0.3 million from last year. Net position for the Refuse Fund displayed \$420,596, a decrease of \$32,830.

Sewer Fund revenues were \$2.7 million, up from \$1.7 million last year. The increase was due to rate adjustment made in September 2015. Operating expenditures were \$1.1 million, slightly decreased from last year. Net position for the Sewer Fund changed to \$4.7 million, an increase of \$1.6 million.

### **General Fund Budgetary Highlights**

The originally adopted General Fund budget for this fiscal year was \$35.9 million, including a \$2.2 million General Fund supplement for the pension costs. The final amended budget of \$41.1 million reflected the Midyear Council approved amendments and re-budgeted capital improvement carryovers from 2014-15.

### **Capital Asset Administration**

The City's capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2016, totaled \$86.2 million, an increase of \$8.8 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.)*

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>6/30/2016</i>	<i>6/30/2015</i>	<i>6/30/2016</i>	<i>6/30/2015</i>	<i>6/30/2016</i>	<i>6/30/2015</i>
<i>Land</i>	\$ 8,465	\$ 8,465	\$ 500	\$ 500	\$ 8,965	\$ 8,965
<i>Buildings</i>	17,865	18,480	164	169	18,029	18,649
<i>Improvements</i>	10,270	9,342	28,987	25,074	39,257	34,416
<i>Construction in Progress</i>	2,477	1,558	4,022	452	6,499	2,010
<i>Equipment</i>	2,256	2,622	320	283	2,576	2,905
<i>Infrastructure</i>	9,622	9,109	1,266	1,352	10,888	10,461
	<u>\$ 50,955</u>	<u>\$ 49,576</u>	<u>\$ 35,259</u>	<u>\$ 27,830</u>	<u>\$ 86,214</u>	<u>\$ 77,406</u>

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

- Completed rehabilitation for Cascades Waterfall and Edison Trails Park.
- Continued the final phase of energy-retrofit project for City Hall, Parks, Library, and Langley.
- Completed City email server upgrades and network equipment improvements.
- Installed CNG fueling compressor system.
- Completed Metro rapid bus shelters installation.
- Purchased 5 vehicles, dial-a-ride bus, spirit bus and 3 message board trailers.
- Completed citywide water meters replacement to achieve water efficiency and conservation.
- Completed slurry seal and various street resurfacing, alley and sidewalk improvements.
- Continued water well, water main, and pumping station upgrades per Water Master Plan.

### Debt Administration

As of June 30, 2016, the City's long-term debt totaled \$135.4 million, an increase of \$3.2 million from the prior year. This is resulting from \$4 million increase in pension liability, \$523,000 increase in claims and judgment, \$420,000 in other post employment benefits, and offset by reductions in payments for capital leases, Section 108 Loans, and the Library Note. *(Please refer to Notes Number 8, 9, 11, 12 and 13 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 \$989 million.

**Outstanding Debt**  
*Fiscal Years ended June 30, 2016 and June 30, 2015*  
*(In thousands)*

	<i>Government Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>6/30/2016</i>	<i>6/30/2015</i>	<i>6/30/2016</i>	<i>6/30/2015</i>	<i>6/30/2016</i>	<i>6/30/2015</i>
<i>Capital Leases</i>	\$ 2,307	\$ 2,442	\$ 12,126	\$ 12,748	\$ 14,433	\$ 15,190
<i>Pension Obligation Bonds</i>	13,970	14,425			13,970	14,425
<i>Compensated Absences</i>	4,462	4,511	746	620	5,208	5,131
<i>Section 108 Loan</i>	3,182	3,538			3,182	3,538
<i>Library Special Tax</i>						
<i>Revenue Note</i>	731	1,077			731	1,077
<i>Claims and Judgments</i>	9,364	8,841			9,364	8,841
<i>Net Pension Liabilities</i>	68,432	64,632	7,287	7,014	75,719	71,646
<i>Other Post Employment Benefits (OPEB)</i>	11,833	11,484	949	878	12,782	12,362
	<u>\$ 114,281</u>	<u>\$ 110,950</u>	<u>\$ 21,108</u>	<u>\$ 21,261</u>	<u>\$ 135,389</u>	<u>\$ 132,210</u>

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

- The City's total assessed valuation is \$6.9 billion, up 5.2% for \$342 million from 2015-16.
- The fiscal year 2016-17 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 MOU adjustments for additional salary and pension costs will be amended to the budget.
- The completion of the 6-unit affordable housing project from the LINC Housing, a Community Housing Development Organization ("CHDO"), at the corner of Newmark and Ramona facilitates the City's role in achieving its affordable housing goals for low-income families.
- The 80-unit residential housing project at Potrero Grande Avenue by the Olson Company (a for-profit company) continues its final Phase 8 of the construction. A total of 71 housing units have been sold. The entire project plans to be closed by the first quarter of 2017.
- The City continues with the Fire Station 62 replacement project. The new facility will meet current laws, regulations and NFPA standards.
- The City is awarded the State Proposition 84 (Integrated Regional Water Management Grant) grant funding for \$4.13 million in August 2016. The City will utilize Proposition 84 grant funds and the City water treatment funds to build the Centralized Groundwater Treatment System for the Delta Plant.
- There are currently three hotel projects in the pipeline. The first is a Boutique Hotel (AG Hotel) that has been designed into a mixed-use format including 148 hotel rooms, two full service restaurants and 98 apartment units. The second is a Double Tree hotel that includes a total of 180 rooms and a full service restaurant. The third is a Courtyard by Marriott hotel that includes 288 rooms, a restaurant and available retail space. The Courtyard by Marriot hotel project is the farthest along in the development process and the City anticipates receiving the construction plans for review in fall of 2016. These three hotels will increase additional transient occupancy tax, property tax, and sales tax revenues for the City.
- The City continues facilitating the development of the Monterey Park Market Place project in the southeastern portion of the city. The Market Place will include up to 500,000 square feet of commercial, retail and restaurant space and is located directly off of and visible from the SR-60 freeway. The grading and development of this shopping center has commenced and it is anticipated to be open to the public in late 2017 or in early 2018. Some of tenants that have committed to the shopping center include Costco, Home Depot, In-n-Out, Starbucks and Chick-fil-a. This regional power center will increase property and sales tax revenues for the City.
- 2016-17 is the third year with the new water, sewer, and trash rate adjustments. Additional revenues generated from the rate increases are to support operations and infrastructure/capital improvements.

## **Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF MONTEREY PARK**  
**Statement of Net Position**  
**June 30, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 60,840,506	\$ 28,003,031	\$ 88,843,537
Cash and investments held by fiscal agent	78,835	514,518	593,353
Accounts receivable	3,225,258	3,218,188	6,443,446
Interest receivable	134,843	-	134,843
Receivable from Successor Agency	225,266	-	225,266
Prepaid assets	73,149	-	73,149
Inventory	4,160	-	4,160
Internal balances	916,816	(916,816)	-
Total current assets	<u>65,498,833</u>	<u>30,818,921</u>	<u>96,317,754</u>
Noncurrent assets:			
Loans receivable, net	1,860,508	-	1,860,508
Receivable from Successor Agency	1,783,673	-	1,783,673
Capital assets:			
Not being depreciated	10,941,688	4,521,856	15,463,544
Being depreciated, net	40,012,879	30,737,404	70,750,283
Total capital assets	<u>50,954,567</u>	<u>35,259,260</u>	<u>86,213,827</u>
Total noncurrent assets	<u>54,598,748</u>	<u>35,259,260</u>	<u>89,858,008</u>
<b>Total assets</b>	<u>120,097,581</u>	<u>66,078,181</u>	<u>186,175,762</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Amounts related to pension plans	6,102,901	691,127	6,794,028
<b>Total deferred outflows of resources</b>	<u>6,102,901</u>	<u>691,127</u>	<u>6,794,028</u>

**CITY OF MONTEREY PARK**  
**Statement of Net Position, Continued**  
**June 30, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	\$ 1,573,562	\$ 2,190,044	\$ 3,763,606
Accrued payroll	1,104,834	162,842	1,267,676
Interest payable	92,596	-	92,596
Deposits and advances	520,746	419,901	940,647
Due to other governmental agencies	674,286	-	674,286
Long-term debts, due within one year	3,842,493	1,263,056	5,105,549
Total current liabilities	<u>7,808,517</u>	<u>4,035,843</u>	<u>11,844,360</u>
Noncurrent liabilities:			
Long-term debts, due in more than one year	30,173,969	11,609,326	41,783,295
Aggregate net pension liabilities (Note 11)	68,432,593	7,286,720	75,719,313
Net other post-employment benefits obligation	11,832,512	948,764	12,781,276
Total noncurrent liabilities	<u>110,439,074</u>	<u>19,844,810</u>	<u>130,283,884</u>
<b>Total liabilities</b>	<u>118,247,591</u>	<u>23,880,653</u>	<u>142,128,244</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Amounts related to pension plans	<u>6,726,312</u>	<u>611,775</u>	<u>7,338,087</u>
<b>Total deferred inflows of resources</b>	<u>6,726,312</u>	<u>611,775</u>	<u>7,338,087</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	47,995,422	23,132,584	71,128,006
Restricted for:			
Siemens energy saving projects	78,799	514,518	593,317
Grants	1,483,488	-	1,483,488
Retirement/pension	9,345,737	-	9,345,737
Housing	2,452,979	-	2,452,979
Public safety	1,055,959	-	1,055,959
Community development	197,418	-	197,418
Culture and recreation	61,043	-	61,043
Highways and streets	7,546,275	-	7,546,275
Unrestricted (deficit)	<u>(68,990,541)</u>	<u>18,629,778</u>	<u>(50,360,764)</u>
<b>Total net position</b>	<u>\$ 1,226,579</u>	<u>\$ 42,276,880</u>	<u>\$ 43,503,459</u>

**CITY OF MONTEREY PARK**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 3,771,179	\$ 1,157,100	\$ -	\$ -
Public safety	27,479,974	3,766,713	1,249,299	114,618
Community development	2,456,567	2,607,075	952,667	169,675
Culture and recreation	7,151,089	1,389,483	262,685	-
Highway and streets	6,223,450	1,403,282	4,950,724	217,983
Health	116,629	-	538,509	-
Interest and fiscal charges	990,315	-	-	-
<b>Total governmental activities</b>	<b>48,189,203</b>	<b>10,323,653</b>	<b>7,953,884</b>	<b>502,276</b>
<b>Business-type activities:</b>				
Water Utility	11,962,698	12,323,342	-	97,507
Refuse	7,562,168	6,954,603	-	-
Sewer	1,117,677	2,673,585	-	-
<b>Total business-type activities</b>	<b>20,642,543</b>	<b>21,951,530</b>	<b>-</b>	<b>97,507</b>
<b>Total</b>	<b>\$ 68,831,746</b>	<b>\$ 32,275,183</b>	<b>\$ 7,953,884</b>	<b>\$ 599,783</b>

**CITY OF MONTEREY PARK**  
**Statement of Activities, Continued**  
**For the Year Ended June 30, 2016**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Governmental activities:			
General government	\$ (2,614,079)	\$ -	\$ (2,614,079)
Public safety	(22,349,344)	-	(22,349,344)
Community development	1,272,850	-	1,272,850
Culture and recreation	(5,498,921)	-	(5,498,921)
Highway and streets	348,539	-	348,539
Health	421,880	-	421,880
Interest and fiscal charges	(990,315)	-	(990,315)
Total governmental activities	<u>(29,409,390)</u>	<u>-</u>	<u>(29,409,390)</u>
Business-type activities:			
Water Utility	-	458,151	458,151
Refuse	-	(607,565)	(607,565)
Sewer	-	1,555,908	1,555,908
Total business-type activities	<u>-</u>	<u>1,406,494</u>	<u>1,406,494</u>
Total	<u>(29,409,390)</u>	<u>1,406,494</u>	<u>(28,002,896)</u>
General Revenues:			
Taxes:			
Property taxes	22,235,616	-	22,235,616
Sales taxes	6,427,211	-	6,427,211
Vehicle in-lieu taxes (Unrestricted, intergovernmental)	25,041	-	25,041
Utility user taxes	3,212,890	-	3,212,890
Franchise taxes	992,615	-	992,615
Business license taxes	1,052,086	-	1,052,086
Transient occupancy taxes	1,248,578	-	1,248,578
Other taxes	285,845	-	285,845
Revenues from use of money and property	1,155,649	657	1,156,306
Other	1,403,883	1,600,422	3,004,305
Total general revenues	<u>38,039,414</u>	<u>1,601,079</u>	<u>39,640,493</u>
Extraordinary Item	<u>5,638,626</u>	<u>-</u>	<u>5,638,626</u>
Changes in net position	14,268,650	3,007,573	17,276,223
Net position (deficit) - beginning of year	<u>(13,042,071)</u>	<u>39,269,307</u>	<u>26,227,236</u>
Net position (deficit) - end of year	<u>\$ 1,226,579</u>	<u>\$ 42,276,880</u>	<u>\$ 43,503,459</u>

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**FUND FINANCIAL STATEMENTS**

**CITY OF MONTEREY PARK**  
**Balance Sheet - Governmental Funds**  
**June 30, 2016**

	Major Funds			
	General	Grants	Special Revenue	
			Retirement/Pension Liability	Housing
<u>Assets</u>				
Cash and investments	\$ 26,201,751	\$ 1,545,826	\$ 9,473,110	\$ 703,545
Cash and investments held by fiscal agents	78,799	-	36	-
Accounts receivable	2,281,206	674,458	83,854	-
Interest receivable	118,880	1,333	-	1,038
Prepaid assets	73,149	-	-	-
Due from other funds	687,284	-	-	-
Loans receivable, net	-	674,286	-	1,186,222
Advances to other funds	741,556	-	-	-
Receivable from Successor Agency	225,266	-	-	1,783,673
<b>Total Assets</b>	<b>\$ 30,407,891</b>	<b>\$ 2,895,903</b>	<b>\$ 9,557,000</b>	<b>\$ 3,674,478</b>
<u>Liabilities, Deferred Inflow of Resources and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 715,139	\$ 190,434	\$ 4,443	\$ 26,472
Accrued payroll	774,500	11,517	206,820	-
Deposits and advances	511,941	-	-	8,805
Due to other funds	-	536,178	-	-
Due to other governmental agencies	-	674,286	-	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>2,001,580</b>	<b>1,412,415</b>	<b>211,263</b>	<b>35,277</b>
Deferred Inflow of Resources:				
Unavailable revenue	-	-	-	1,186,222
<b>Total Deferred Inflow of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,186,222</b>
Fund Balances:				
Nonspendable				
Advances to other funds	741,556	-	-	-
Restricted				
Siemens energy saving project	78,799	-	-	-
Grants	-	1,483,488	-	-
Retirement	-	-	9,345,737	-
Housing	-	-	-	2,452,979
Nonmajor special revenue funds	-	-	-	-
Committed				
General Fund	10,979,027	-	-	-
Nonmajor special revenue funds	-	-	-	-
Assigned				
General Fund	12,052,503	-	-	-
Unassigned				
General Fund	4,554,426	-	-	-
Nonmajor special revenue funds	-	-	-	-
<b>Total Fund Balances</b>	<b>28,406,311</b>	<b>1,483,488</b>	<b>9,345,737</b>	<b>2,452,979</b>
<b>Total Liabilities, Deferred inflow of Resources and Fund Balances</b>	<b>\$ 30,407,891</b>	<b>\$ 2,895,903</b>	<b>\$ 9,557,000</b>	<b>\$ 3,674,478</b>

See accompanying Notes to the Basic Financial Statements.

**CITY OF MONTEREY PARK**  
**Balance Sheet - Governmental Funds, Continued**  
**June 30, 2016**

	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>		
Cash and investments	\$ 9,872,206	\$ 47,796,438
Cash and investments held by fiscal agents	-	78,835
Accounts receivable	185,740	3,225,258
Interest receivable	13,592	134,843
Prepaid assets	-	73,149
Due from other funds	-	687,284
Loans receivable, net	-	1,860,508
Advances to other funds	-	741,556
Receivable from Successor Agency	-	2,008,939
Total Assets	\$ 10,071,538	\$ 56,606,810
 <u>Liabilities, Deferred Inflow of Resources and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ 391,347	\$ 1,327,835
Accrued payroll	55,728	1,048,565
Deposits and advances	-	520,746
Due to other funds	151,106	687,284
Due to other governmental agencies	-	674,286
Advances from other funds	741,556	741,556
Total Liabilities	1,339,737	5,000,272
 Deferred Inflow of Resources:		
Unavailable revenue	-	1,186,222
Total Deferred Inflow of Resources	-	1,186,222
 Fund Balances:		
Nonspendable		
Advances to other funds	-	741,556
Restricted		
Siemens energy saving project	-	78,799
Grants	-	1,483,488
Retirement	-	9,345,737
Housing	-	2,452,979
Nonmajor special revenue funds	8,315,370	8,315,370
Committed		
General Fund	-	10,979,027
Nonmajor special revenue funds	584,570	584,570
Assigned		
General Fund	-	12,052,503
Unassigned		
General Fund	-	4,554,426
Nonmajor special revenue funds	(168,139)	(168,139)
Total Fund Balances	8,731,801	50,420,316
Total Liabilities, Deferred inflow of Resources and Fund Balances	\$ 10,071,538	\$ 56,606,810

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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, 2016**

<b>Total fund balance of governmental funds in fund statements</b>	<b>\$ 50,420,316</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 position is \$4,341,997 plus the portion of net position allocated to business-type activities of \$916,816.	5,258,813
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. (Total governmental assets of \$50,954,567 less internal service funds of \$1,058,886, which has already been accounted for in the reconciliation of internal service funds elimination).	49,895,681
Long-term liabilities in the amount of \$45,848,973, excluding net pension liabilities, are not due and payable in the current period and therefore are not reported in the governmental funds, net of \$9,463,121 included in reconciliation of internal service funds.	(36,385,852)
Interest on long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	(92,597)
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.	(68,432,593)
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.	5,958,701
Difference between projected and actual earnings on pension plan investments are reported in the government-wide financial statements:	
Projected earnings under actual earnings	(6,726,312)
Projected earnings over actual earnings	144,200
Revenues earned but not available to pay for current expenditures for governmental funds are unavailable.	<u>1,186,222</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ 1,226,579</u></u></b>

**CITY OF MONTEREY PARK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	Major Funds			
	General	Grants	Special Revenue	
			Retirement/Pension Liability	Housing
Revenues:				
Taxes	\$ 27,643,600	\$ -	\$ 6,784,196	\$ -
Licenses and permits	2,428,895	-	-	-
Intergovernmental revenues	-	3,203,752	-	-
Charges for services	5,490,555	313	-	-
Revenues from use of money and property	1,046,117	102,121	8	-
Fines and forfeitures	633,881	-	-	-
Other revenue	1,406,552	-	-	7,620
Total Revenues	<u>38,649,600</u>	<u>3,306,186</u>	<u>6,784,204</u>	<u>7,620</u>
Expenditures:				
Current:				
General government	4,270,974	-	1,473,045	-
Public safety	22,443,071	427,615	4,355,675	-
Community development	1,347,950	323,583	412,437	99,930
Culture and recreation	5,119,708	228,461	638,162	-
Highways and streets	776,012	27,986	43,165	-
Capital outlay	1,334,096	1,785,204	-	-
Debt service:				
Principal retirement	6,113	456,164	455,000	-
Interest and fiscal charges	78,017	37,731	868,015	-
Total Expenditures	<u>35,375,941</u>	<u>3,286,744</u>	<u>8,245,499</u>	<u>99,930</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,273,659</u>	<u>19,442</u>	<u>(1,461,295)</u>	<u>(92,310)</u>
Other Financing Sources (Uses):				
Transfers in	127,332	-	2,200,000	-
Transfers out	<u>(2,200,000)</u>	<u>(127,332)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,072,668)</u>	<u>(127,332)</u>	<u>2,200,000</u>	<u>-</u>
Extraordinary Item	<u>5,638,626</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	6,839,617	(107,890)	738,705	(92,310)
Fund Balances, Beginning of Year	21,566,694	1,591,378	8,607,032	2,545,289
Fund Balances, End of Year	<u>\$ 28,406,311</u>	<u>\$ 1,483,488</u>	<u>\$ 9,345,737</u>	<u>\$ 2,452,979</u>

**CITY OF MONTEREY PARK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds, Continued**  
**For the Year Ended June 30, 2016**

	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 6,730,507	\$ 41,158,303
Licenses and permits	-	2,428,895
Intergovernmental revenues	-	3,203,752
Charges for services	619,961	6,110,829
Revenues from use of money and property	59,383	1,207,629
Fines and forfeitures	661,766	1,295,647
Other revenue	-	1,414,172
Total Revenues	8,071,617	56,819,227
Expenditures:		
Current:		
General government	-	5,744,019
Public safety	1,170,292	28,396,653
Community development	77,995	2,261,895
Culture and recreation	478,258	6,464,589
Highways and streets	4,256,112	5,103,275
Capital outlay	1,475,421	4,594,721
Debt service:		
Principal retirement	373,986	1,291,263
Interest and fiscal charges	74,913	1,058,676
Total Expenditures	7,906,977	54,915,091
Excess (Deficiency) of Revenues Over Expenditures	164,640	1,904,136
Other Financing Sources (Uses):		
Transfers in	-	2,327,332
Transfers out	(250,000)	(2,577,332)
Total Other Financing Sources (Uses)	(250,000)	(250,000)
Extraordinary Item	-	5,638,626
Net Changes in Fund Balances	(85,360)	7,292,762
Fund Balances, Beginning of Year	8,817,161	43,127,554
Fund Balances, End of Year	\$ 8,731,801	\$ 50,420,316

**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, 2016**

<b>Net change in fund balance - total governmental funds</b>	\$ 7,292,762
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 (\$314,545) is reported with governmental activities. This amount includes \$364,745 charged to the Water and Refuse Enterprise Funds.	50,200
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:	
Capital outlay, net of noncapitalized current expenditures in the amount of \$874,995. Internal service fund capital addition was in the amount of \$51,181.	3,719,726
Depreciation expense, net of internal service fund depreciation expense of \$217,011.	(2,239,991)
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.	1,291,263
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.	4,373,272
Changes in compensated absences which are not due and payable in the governmental funds are charged to expenses in the Statement of Activities.	61,737
OPEB obligation costs are not due and payable in the current period and therefore are not reported in the governmental funds.	(348,680)
Interest on long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	68,361
<b>Change in net position of governmental activities</b>	<u><u>\$ 14,268,650</u></u>

**PROPRIETARY FUND FINANCIAL STATEMENTS**

**CITY OF MONTEREY PARK**  
**Statement of Net Position -**  
**Proprietary Funds**  
**June 30, 2016**

	Enterprise			Total
	Water Utility	Refuse	Nonmajor (Sewer)	
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 23,358,338	\$ 1,070,330	\$ 3,574,363	\$ 28,003,031
Cash and investments with fiscal agent	514,518	-	-	514,518
Accounts receivable	2,208,347	711,453	298,388	3,218,188
Inventory	-	-	-	-
Total Current Assets	<u>26,081,203</u>	<u>1,781,783</u>	<u>3,872,751</u>	<u>31,735,737</u>
Noncurrent Assets:				
Nondepreciable capital assets	4,521,856	-	-	4,521,856
Depreciable capital assets, net of accumulated depreciation	29,415,622	-	1,321,782	30,737,404
Total Capital Assets	<u>33,937,478</u>	<u>-</u>	<u>1,321,782</u>	<u>35,259,260</u>
Total Noncurrent Assets	<u>33,937,478</u>	<u>-</u>	<u>1,321,782</u>	<u>35,259,260</u>
Total Assets	<u>60,018,681</u>	<u>1,781,783</u>	<u>5,194,533</u>	<u>66,994,997</u>
<u>Deferred Outflow of Resources</u>				
Amounts related to pension plans	570,931	90,147	30,049	691,127
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	2,059,876	115,284	14,884	2,190,044
Accrued payroll	128,938	21,141	12,763	162,842
Deposits and advances	419,901	-	-	419,901
Claims and judgments payable - due within one year	-	-	-	-
Capital lease obligations - due within one year	1,188,485	-	-	1,188,485
Compensated absences payable - due within one year	55,618	12,196	6,757	74,571
Total Current Liabilities	<u>3,852,818</u>	<u>148,621</u>	<u>34,404</u>	<u>4,035,843</u>
Noncurrent Liabilities:				
Claims and judgments payable - due in more than one year	-	-	-	-
Capital lease obligations - due in more than one year	10,938,191	-	-	10,938,191
Compensated absences payable - due in more than one year	500,561	109,764	60,809	671,135
OPEB obligations payable	745,169	162,711	40,884	948,764
Net pension liabilities	6,019,464	950,441	316,815	7,286,720
Total Noncurrent Liabilities	<u>18,203,385</u>	<u>1,222,916</u>	<u>418,508</u>	<u>19,844,810</u>
Total Liabilities	<u>22,056,203</u>	<u>1,371,537</u>	<u>452,912</u>	<u>23,880,652</u>
<u>Deferred Inflow of Resources</u>				
Amounts related to pension plans	505,379	79,797	26,599	611,775
<u>Net Position</u>				
Net investment in capital assets	21,810,802	-	1,321,782	23,132,584
Restricted for Siemens energy savings projects	514,518	-	-	514,518
Unrestricted	15,702,709	420,596	3,423,289	19,546,594
Total Net Position	<u>\$ 38,028,029</u>	<u>\$ 420,596</u>	<u>\$ 4,745,071</u>	<u>\$ 43,193,696</u>
Adjustment to reflect the consolidation of internal service funds activities to related enterprise fund				
	(832,557)	(84,259)	-	(916,816)
Net Position of Business-type Activities	<u>\$ 37,195,472</u>	<u>\$ 336,337</u>	<u>\$ 4,745,071</u>	<u>\$ 42,276,880</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF MONTEREY PARK**  
**Statement of Net Position -**  
**Proprietary Funds, Continued**  
**June 30, 2016**

	Internal Service
<u>Assets</u>	
Current Assets:	
Cash and investments	\$ 13,044,068
Cash and investments with fiscal agent	-
Accounts receivable	-
Inventory	4,160
Total Current Assets	13,048,228
Noncurrent Assets:	
Nondepreciable capital assets	-
Depreciable capital assets, net of accumulated depreciation	1,058,886
Total Capital Assets	1,058,886
Total Noncurrent Assets	1,058,886
Total Assets	14,107,114
<u>Deferred Outflow of Resources</u>	
Amounts related to pension plans	-
<u>Liabilities</u>	
Current Liabilities:	
Accounts payable	245,727
Accrued payroll	56,269
Deposits and advances	-
Claims and judgments payable - due within one year	1,951,303
Capital lease obligations - due within one year	-
Compensated absences payable - due within one year	9,882
Total Current Liabilities	2,263,181
Noncurrent Liabilities:	
Claims and judgments payable - due in more than one year	7,413,000
Capital lease obligations - due in more than one year	-
Compensated absences payable - due in more than one year	88,936
OPEB obligations payable	-
Net pension liabilities	-
Total Noncurrent Liabilities	7,501,936
Total Liabilities	9,765,117
<u>Deferred Inflow of Resources</u>	
Amounts related to pension plans	-
<u>Net Position</u>	
Net investment in capital assets	1,058,886
Restricted	-
Unrestricted	3,283,111
Total Net Position	\$ 4,341,997

**CITY OF MONTEREY PARK**  
**Statement of Revenues, Expenses and Changes in**  
**Net Position - Proprietary Funds**  
**For the Year Ended June 30, 2016**

	Enterprise			Total
	Water Utility	Refuse	Nonmajor (Sewer)	
Operating Revenues:				
Charges for services	\$ 12,189,759	\$ 6,954,603	\$ 2,673,585	\$ 21,817,947
Meter installations	133,583	-	-	133,583
Other revenue	1,599,252	-	-	1,599,252
Total Operating Revenues	<u>13,922,594</u>	<u>6,954,603</u>	<u>2,673,585</u>	<u>23,550,782</u>
Operating Expenses:				
Administration	4,464,300	1,306,032	-	5,770,332
Commercial - water	729,200	-	-	729,200
Production - water	1,553,966	-	-	1,553,966
Distribution - water	1,151,225	-	-	1,151,225
Treatment plant	2,358,499	-	-	2,358,499
Street maintenance - refuse	-	26,509	-	26,509
Storm drain maintenance - refuse	-	201,384	-	201,384
Refuse collection	-	5,453,508	-	5,453,508
Sanitary sewer maintenance	-	-	1,030,533	1,030,533
Depreciation	1,390,119	-	87,144	1,477,263
Salaries and benefits	-	-	-	-
Materials and supplies	-	-	-	-
Insurance and claims	-	-	-	-
Miscellaneous	-	-	-	-
Total Operating Expenses	<u>11,647,309</u>	<u>6,987,433</u>	<u>1,117,677</u>	<u>19,752,419</u>
Operating Income (Loss)	<u>2,275,285</u>	<u>(32,830)</u>	<u>1,555,908</u>	<u>3,798,363</u>
Nonoperating Income (Loss):				
Interest revenue	657	-	-	657
Interest expense	(525,379)	-	-	(525,379)
Gain on sale of surplus property	1,170	-	-	1,170
Total Nonoperating Income (Loss)	<u>(523,552)</u>	<u>-</u>	<u>-</u>	<u>(523,552)</u>
Net Income (Loss) Before Capital Contributions	<u>1,751,733</u>	<u>(32,830)</u>	<u>1,555,908</u>	<u>3,274,811</u>
Capital Contributions	97,507	-	-	97,507
Total Capital Contributions	<u>97,507</u>	<u>-</u>	<u>-</u>	<u>97,507</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Position	1,849,240	(32,830)	1,555,908	3,372,318
Net Position, Beginning of Year	36,178,789	453,426	3,189,163	39,821,378
Net Position, End of Year	<u>\$ 38,028,029</u>	<u>\$ 420,596</u>	<u>\$ 4,745,071</u>	<u>\$ 43,193,696</u>
Changes in Net Position	\$ 1,849,240	\$ (32,830)	\$ 1,555,908	\$ 3,372,318
Adjustment to reflect the consolidation of internal service fund activities to related enterprise fund	<u>(315,388)</u>	<u>(49,357)</u>	<u>-</u>	<u>(364,745)</u>
Changes in Net Position of Business-type Activities	<u>\$ 1,533,852</u>	<u>\$ (82,187)</u>	<u>\$ 1,555,908</u>	<u>\$ 3,007,573</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF MONTEREY PARK**  
**Statement of Revenues, Expenses and Changes in**  
**Net Position - Proprietary Funds, Continued**  
**For the Year Ended June 30, 2016**

	Internal Service
Operating Revenues:	
Charges for services	\$ 6,093,313
Meter installations	-
Other revenue	11,335
Total Operating Revenues	6,104,648
Operating Expenses:	
Administration	-
Commercial - water	-
Production - water	-
Distribution - water	-
Treatment plant	-
Street maintenance - refuse	-
Storm drain maintenance - refuse	-
Refuse collection	-
Sanitary sewer maintenance	-
Depreciation	217,011
Salaries and benefits	3,322,853
Materials and supplies	805,360
Insurance and claims	1,997,442
Miscellaneous	330,474
Total Operating Expenses	6,673,140
Operating Income (Loss)	(568,492)
Nonoperating Income (Loss):	
Interest revenue	-
Interest expense	-
Gain on sale of surplus property	3,947
Total Nonoperating Income (Loss)	3,947
Net Income (Loss) Before Capital Contributions	(564,545)
Capital Contributions	-
Total Capital Contributions	-
Other Financing Sources (Uses):	
Transfers in	750,000
Transfers out	(500,000)
Total Other Financing Sources (Uses)	250,000
Changes in Net Position	(314,545)
Net Position, Beginning of Year	4,656,542
Net Position, End of Year	\$ 4,341,997

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

	Enterprise Funds			Total
	Water Utility	Refuse	Nonmajor (Sewer)	
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 13,415,748	\$ 6,857,435	\$ 2,613,985	\$ 22,887,168
Cash receipts from interfund services provided	-	-	-	-
Cash payments to suppliers for goods and services	(3,276,822)	(6,401,929)	(59,110)	(9,737,861)
Cash payments to employees for services	(6,329,490)	(1,327,114)	(947,520)	(8,604,124)
Cash payments for insurance premiums and self-insurance claims	-	-	-	-
Net Cash Provided by (Used in) Operating Activities	<u>3,809,436</u>	<u>(871,608)</u>	<u>1,607,355</u>	<u>4,545,183</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	(8,863,349)	-	(42,500)	(8,905,849)
Capital contributions	97,507	-	-	97,507
Proceeds from sale of surplus property	1,170	-	-	1,170
Principal paid on lease financing	(620,786)	-	-	(620,786)
Interest paid on lease financing	(525,379)	-	-	(525,379)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(9,910,837)</u>	<u>-</u>	<u>(42,500)</u>	<u>(9,953,337)</u>
Cash Flows from Investing Activities:				
Interest received	657	-	-	657
Net Cash Provided by Investing Activities	<u>657</u>	<u>-</u>	<u>-</u>	<u>657</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,100,744)	(871,608)	1,564,855	(5,407,497)
Cash and Cash Equivalents, Beginning of Year	<u>29,973,600</u>	<u>1,941,938</u>	<u>2,009,508</u>	<u>33,925,046</u>
Cash and Cash Equivalents, End of Year	<u>\$ 23,872,856</u>	<u>\$ 1,070,330</u>	<u>\$ 3,574,363</u>	<u>\$ 28,517,549</u>
Cash and investments	\$ 23,358,338	\$ 1,070,330	\$ 3,574,363	\$ 28,003,031
Cash and investments with fiscal agent	514,518	-	-	514,518
Total Cash and Cash Equivalents	<u>\$ 23,872,856</u>	<u>\$ 1,070,330</u>	<u>\$ 3,574,363</u>	<u>\$ 28,517,549</u>

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

	Internal Service
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ -
Cash receipts from interfund services provided	4,554,203
Cash payments to suppliers for goods and services	(2,100,985)
Cash payments to employees for services	1,253,962
Cash payments for insurance premiums and self-insurance claims	(3,503,492)
Net Cash Provided by (Used in) Operating Activities	203,688
Cash Flows from Noncapital and Related Financing Activities:	
Cash received from other funds	750,000
Cash paid to other funds	(500,000)
Net Cash Provided by (Used In) Noncapital and Related Financing Activities	250,000
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(51,181)
Capital contributions	-
Proceeds from sale of surplus assets	3,947
Principal paid on lease financing	-
Interest paid on lease financing	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(47,234)
Cash Flows from Investing Activities:	
Interest received	-
Net Cash Provided by Investing Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	406,454
Cash and Cash Equivalents, Beginning of Year	12,637,614
Cash and Cash Equivalents, End of Year	\$ 13,044,068
Cash and investments	\$ 13,044,068
Cash and investments with fiscal agent	-
Total Cash and Cash Equivalents	\$ 13,044,068

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

	Enterprise Funds			Total
	Water Utility	Refuse	Nonmajor (Sewer)	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (Loss)	\$ 2,275,285	\$ (32,830)	\$ 1,555,908	\$ 3,798,363
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	1,390,119	-	87,144	1,477,263
Loss on disposal of property and equipment	-	-	-	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(415,760)	(97,168)	(59,600)	(572,528)
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in deferred outflows or resources - pension plans	267,120	42,177	14,059	323,356
Increase (decrease) in accounts payable	838,549	(710,408)	14,210	142,351
Increase (decrease) in accrued payroll	31,558	4,509	1,664	37,731
Increase (decrease) in deposits and advances	6,421	-	-	6,421
Increase (decrease) in claims and judgments payable	-	-	-	-
Increase (decrease) in compensated absences payable	78,509	24,699	22,337	125,545
Increase (decrease) in OPEB obligations payable	51,064	10,060	9,182	70,306
Increase (decrease) in net pension liabilities	225,088	35,540	11,847	272,475
Increase (decrease) in deferred inflows or resources - pension plans	(938,517)	(148,187)	(49,396)	(1,136,100)
Total Adjustments	1,534,151	(838,778)	51,447	746,820
Net Cash Provided by (Used in) Operating Activities	\$ 3,809,436	\$ (871,608)	\$ 1,607,355	\$ 4,545,183

(Continued)

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

	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash	
Provided by (Used in) Operating Activities:	
Operating income (Loss)	\$ (568,492)
Adjustments to Reconcile Operating	
Income (Loss) to Net Cash Provided	
by (Used in) Operating Activities:	
Depreciation	217,011
Loss on disposal of property and equipment	(64,994)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	-
(Increase) decrease in inventory	1,468
(Increase) decrease in deferred outflows or resources - pension plans	-
Increase (decrease) in accounts payable	92,006
Increase (decrease) in accrued payroll	(8,761)
Increase (decrease) in deposits and advances	-
Increase (decrease) in claims and judgments payable	522,960
Increase (decrease) in compensated absences payable	12,490
Increase (decrease) in OPEB obligations payable	-
Increase (decrease) in net pension liabilities	-
Increase (decrease) in deferred inflows or resources - pension plans	-
Total Adjustments	772,180
Net Cash Provided by (Used in)	
Operating Activities	\$ 203,688

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**FIDUCIARY FUND FINANCIAL STATEMENTS**

**CITY OF MONTEREY PARK**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

	Private-Purpose Trust Fund	Agency Funds
<b>Current Assets:</b>		
Cash and investments	\$ 625,184	\$ 2,517,825
Cash and investments with fiscal agent	1,674,718	-
Interest receivable	354	-
Total Assets	2,300,256	\$ 2,517,825
<b>Current Liabilities:</b>		
Accounts payable	42,430	\$ 137,710
Deposits payable	225,266	2,380,115
Interest payable	290,404	-
Due to the City of Monterey Park	225,266	-
Current portion of noncurrent liabilities	1,235,000	-
Total Current Liabilities	2,018,366	2,517,825
<b>Noncurrent Liabilities:</b>		
Advances from City of Monterey Park	1,783,673	-
Bonds payable, net of current portion	18,031,276	-
Tax increment deferred loans	56,243,536	-
Low/Mod Housing deferred loans	1,186,222	-
Total Noncurrent Liabilities	77,244,707	-
Total Liabilities	79,263,073	\$ 2,517,825
<b>Net Position (Deficit):</b>		
Net position (deficit) held in trust for debt service and certain administrative expenses	\$ (76,962,817)	

**CITY OF MONTEREY PARK**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2016**

	Private-Purpose Trust Fund
Additions:	
Redevelopment Property Tax Trust Fund	\$ 2,487,101
Gain on sale of land held for resale (Note 6)	406,277
Investment income	7,040
Total Additions	2,900,418
Deductions:	
Administration	252,922
Disbursement to Los Angeles County (Note 6)	1,820,214
Interest expense and fiscal charges	4,343,016
Total Deductions	6,416,152
Change in Net Position before Extraordinary Item	(3,515,734)
Extraordinary Item (Note 6)	(5,638,626)
Change in net position	(9,154,360)
Net Position	
Net Position, Beginning of Year, as Restated	(67,808,457)
Net Position, End of Year	\$ (76,962,817)

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**CITY OF MONTEREY PARK**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2016**

**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, 2016**

**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.

In accordance with GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

*Deferred Outflows of Resources* represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

*Deferred Inflows of Resources* represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

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, 2016**

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

*Nonmajor Governmental Funds*

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

*Nonmajor Enterprise Funds*

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

*Proprietary Fund (Internal Service Funds)*

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

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**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.

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, 2016**

**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, 2016**

**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 11). 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, 2014
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015

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

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

***K. Other Post Employment Benefits***

In addition to the pension benefits, the City provides postretirement medical insurance benefits (Note 12), in accordance with contractual provisions of the various Memoranda of Understanding with the City's recognized employee organizations, to all vested employees who retire from the City. Currently, 232 retirees meet those eligibility requirements. The City contributes between \$340 and \$1,200 per month toward medical insurance coverage for retired employees. For those retirees who are eligible for Medicare, the City contributes toward Medicare supplemental insurance coverage. Upon retirement, vested full-time employees may, at their own cost, convert group life insurance coverage to individual life insurance coverage.

Expenditures for postretirement medical insurance benefits are recognized as annual premiums and are paid on a pay-as-you-go basis. During the year, expenditures of \$1,281,013 were recognized for postretirement medical insurance. Decreases over the prior year expenditure of \$10,697 were attributable to decreased monthly contributions for retirees due to more Medicare coverage for more retirees. The City also made a contribution of \$1,100,000 during fiscal year 2015-2016 for a prefunding solution.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

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

***K. Other Post Employment Benefits, Continued***

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

***L. Claims and Judgments***

The accrual for workers' compensation and general liability claims is based upon past experience which has been modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2016 is dependent on future developments, based on information from the plan administrators, City management believes that the aggregate accrual is adequate to cover such losses, including amounts for incurred but not reported claims (Note 13).

***M. Fund Equity and Net Position***

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

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

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

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

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

*Unassigned Fund Balance* - This amount indicates the portion of fund balances that do not fall into one of the above categories. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to these purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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, 2016**

**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 assets reduced by liabilities and deferred inflows of resources related to those assets.

*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*

In fiscal year 2015-2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "*Fair Value Measurement and Application*". GASB Statement No. 72 requires the City to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements. There was no material impact on the City's financial statements as a result of the implementation of GASB Statement No. 72.

GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", was required to be implemented in the current fiscal year, except for those provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for periods beginning after June 15, 2016, and did not impact the City.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

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

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

*Current Year Standards, Continued*

GASB Statement No. 76, “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*”, was required to be implemented in the current fiscal year, and did not impact the City.

GASB Statement No. 79, “*Certain External Investment Pools and Pool Participants*”, was required to be implemented in the current fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015, and did not impact the City.

GASB Statement No. 82, “*Pension Issues an Amendment of GASB Statement No. 67, No. 68 and No. 73*”, changed the measurement of covered payroll reported in required supplementary information and has been early implemented.

*Pending Accounting Standards*

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

- GASB 73 - “*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*”, the provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016.
- GASB 74 - “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”, effective for periods beginning after June 15, 2016.
- GASB 75 - “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”, effective for periods beginning after June 15, 2017.
- GASB 77 - “*Tax Abatement Disclosure*”, effective for periods beginning after December 15, 2015.
- GASB 78 - “*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*”, effective for periods beginning after December 15, 2015.
- GASB 79 - “*Certain External Investment Pools and Pool Participants*”, certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015.
- GASB 80 - “*Blending Requirements for Certain Component Units*”, effective for periods beginning after June 15, 2016.
- GASB 81 - “*Irrevocable Split-Interest Agreements*”, effective for periods beginning after December 15, 2016.
- GASB 82 - “*Pension Issues*”, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which is effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**2. CASH AND INVESTMENTS**

*Cash and Investments*

Cash and investments at June 30, 2016 are classified in the accompanying financial statements as follows:

	<u>Government-Wide</u>			<u>Fiduciary Funds</u>	<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>		
Cash and investments	\$ 60,840,506	\$ 28,003,031	\$ 88,843,537	\$ 3,143,009	\$ 91,986,546
Cash and investments held by fiscal agent	<u>78,835</u>	<u>514,518</u>	<u>593,353</u>	<u>1,674,718</u>	<u>2,268,071</u>
<b>Total Cash and Investments</b>	<u>\$ 60,919,341</u>	<u>\$ 28,517,549</u>	<u>\$ 89,436,890</u>	<u>\$ 4,817,727</u>	<u>\$ 94,254,617</u>

Cash and investments at June 30, 2016 consisted of the following:

**Cash:**

Cash on hand	\$ 4,450
Demand deposits with financial institutions	<u>3,731,794</u>
<b>Total Cash</b>	<u>3,736,244</u>

**Investments:**

Certificates of deposits with financial institutions	8,695,000
Local Agency Investment Fund (LAIF)	316,676
Los Angeles County Treasury Pool	79,238,626
Money market mutual fund	<u>2,268,071</u>
<b>Total Investments</b>	<u>90,518,373</u>

**Total Cash and Investments** \$ 94,254,617

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, 2016, the carrying amount of the City's demand deposits was \$3,731,794 and the bank balance was \$4,129,471. The \$397,677 difference represents outstanding checks, deposits in transit, and other reconciling items.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**2. CASH AND INVESTMENTS, CONTINUED**

***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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio (1)	Investment in One Issuer	Quality
U.S Treasury Notes, Bonds, other Certificates of Indebtedness backed by U.S. Government, or Zero Coupons	5 years	10%	None	
U.S. Treasury Bills	5 years	None	None	
Discount notes or notes issued by Agencies of the U.S. Government	5 years	50%	None	
Banker's acceptances (2)	180 days	20%	30%	"Prime" paper, eligible for purchase by the Federal Reserve System
Commercial paper (2)	180 days	15%	10%	"AA" or higher rating, issuer a U.S. domiciled corporation with assets greater than \$500 million
Negotiable Certificates of Deposits (3)	3 years	20%	30%	None
Non-negotiable Certificates of Deposits and bank collateralized savings (3)	5 years	40%	\$250,000	Average or better or above "D" by a recognized rating service
Repurchase agreements (2)	30 days	10%	None	None
Local Agency Investment Fund (LAIF)	None	Limit set by LAIF	None	None
Los Angeles County Pooled Investment Fund	None	None	None	None
Local Agency Bonds	5 years	10%	None	"AA" (S&P) or equivalent
State obligations - California and others	5 years	10%	None	None
Medium-term Corporate Bonds/Notes	3 years	15%	None	"AA" or higher rating
Mutual Funds and Money Market Mutual Funds	3 years	15%	10%	Highest ranking by not less than 2 largest rating services or with SEC registered investment advisor, who has assets under management greater than \$500 million, and with 5 years of experience

(1) Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.  
(2) Actual investments are required to obtain the City Council's consent.  
(3) Issuer insured by FDIC

***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 does 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.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**2. CASH AND INVESTMENTS, CONTINUED**

***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 239 days and in the Los Angeles County Treasury Pool is approximately 595 days.

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, 2016</u>	<u>Maturity</u>	
			<u>12 Months or Less</u>	<u>1 to 2 Years</u>
<b>Treasury Investments:</b>				
Certificates of Deposit	N/A *	\$ 8,695,000	\$ 3,850,000	\$ 4,845,000
LAIF	N/A *	316,676	316,676	-
Los Angeles County Treasury Pool	N/A *	<u>79,238,626</u>	<u>79,238,626</u>	<u>-</u>
<b>Total Treasury Investments</b>		<u>88,250,302</u>	<u>83,405,302</u>	<u>4,845,000</u>
<b>Investments Held by Fiscal Agents:</b>				
Money Market Mutual Fund	AAA	<u>2,268,071</u>	<u>2,268,071</u>	<u>-</u>
<b>Total Investments Held by Fiscal Agents</b>		<u>2,268,071</u>	<u>2,268,071</u>	<u>-</u>
<b>Total Investments</b>		<u>\$ 90,518,373</u>	<u>\$ 85,673,373</u>	<u>\$ 4,845,000</u>

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

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**2. CASH AND INVESTMENTS, CONTINUED**

***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, 2016 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 2016, the City had \$316,676 invested in LAIF, which had invested 99% of the pool investment funds in Structured notes and Medium-term Asset-backed Securities. The LAIF fair value factor of 1.000621222 was used to calculate the fair value of the investments in LAIF.

***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, 2016, the City had \$79,238,626 invested in the Los Angeles County Investment Pool.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**2. CASH AND INVESTMENTS, CONTINUED**

*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 relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a description of the recurring valuation methods and assumptions used by the City to estimate the fair value of its investments.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**2. CASH AND INVESTMENTS, CONTINUED**

*Fair Value Measurements, Continued*

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the City's asset manager from third party service providers.

For a large portion of the City's portfolio, the City's asset manager applies their leveling methodology across all securities in a specific sector (i.e. U.S. Government Sponsored Agency Securities). Inputs to their pricing models are based on observable market inputs in active markets.

The City has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

As of June 30, 2016, the City did not have any investments that were subject to the fair value hierarchy requirement.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**3. RECEIVABLES**

Receivables of the City as of June 30, 2016 were:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Accounts Receivable:</b>			
Property taxes	\$ 413,013	\$ -	\$ 413,013
Sales taxes	1,704,691	-	1,704,691
Utility taxes	167,236	-	167,236
Water, sewer and refuse sales	-	3,218,188	3,218,188
Subvention and grants	714,684	-	714,684
Other	<u>225,634</u>	<u>-</u>	<u>225,634</u>
<b>Total Accounts Receivable</b>	<u>\$ 3,225,258</u>	<u>\$ 3,218,188</u>	<u>\$ 6,443,446</u>
<b>Interest Receivable</b>	<u>\$ 134,843</u>	<u>\$ -</u>	<u>\$ 134,843</u>
<b>Loans Receivable:</b>			
Residential Rehabilitation (CDBG) (Note 10)	\$ 48,015	\$ -	\$ 48,015
SERA Program (Note 10)	4,322	-	4,322
Pacific Housing Loan (Note 10)	230,615	-	230,615
Pacific Bridge Loan (Note 10)	391,334	-	391,334
First-Time Homebuyers (Housing)	128,894	-	128,894
Critical Maintenance (Housing)	77,427	-	77,427
Critical Maintenance (Grants)	260,473	-	260,473
Abajo del Sol Loan (Grants)	2,128,275	-	2,128,275
LINC Community Development (Housing)	2,147,158	-	2,147,158
LINC Community Development (Grants)	855,555	-	855,555
Low/Mod Housing Deferred Loans	<u>1,186,222</u>	<u>-</u>	<u>1,186,222</u>
Subtotal	7,458,290	-	7,458,290
Less: Allowance for Uncollectible Loans	<u>(5,597,782)</u>	<u>-</u>	<u>(5,597,782)</u>
<b>Total Loans Receivable, Net</b>	<u>\$ 1,860,508</u>	<u>\$ -</u>	<u>\$ 1,860,508</u>
<b>Total Receivables</b>	<u>\$ 5,220,609</u>	<u>\$ 3,218,188</u>	<u>\$ 8,438,797</u>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**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, 2016 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, 2016 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, 2016, outstanding principal and interest are \$175,000 and \$55,615, 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, 2016, outstanding principal and interest are \$240,478 and \$150,856, 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, 2016, \$128,894 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, 2016**

**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, 2016, the loans outstanding totaled \$337,900. Of this amount, \$77,427 is funded by the former Redevelopment Agency’s Housing Capital Projects Fund and \$260,473 is funded by the Federal HOME Program Grants Fund. The outstanding loan balance of \$77,427 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 \$260,473 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, 2016, outstanding principal and interest being recorded as notes receivable are \$1,187,345 and \$940,930, 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, 2016, outstanding principal and interest being recorded as notes receivable are \$2,080,000 and \$67,158, 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, 2016, \$855,555 has been funded and is reported as loans receivables in the Special Revenue Grants Fund with an offset of allowance for uncollectible notes in the fund level financial statement and in the government-wide statements.
- I. *Low/Mod Housing Deferred Loans:*** State law requires redevelopment agencies to set aside 20 percent of their tax increment revenues for low/mod housing. In 1997, the former Redevelopment Agency approved a plan to set aside future tax increment revenue in addition to the regular 20 percent set aside requirements. The former Redevelopment Agency was dissolved on February 1, 2012. This commitment became a liability to the Successor Agency due to the City’s Special Revenue Housing Fund. A summary of the repayment plan is presented below:

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

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**4. INTERFUND TRANSACTIONS**

There were no internal receivables and payables at June 30, 2016 between the governmental activities and business-type activities.

Individual interfund receivables and payables were as follows at June 30, 2016:

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

Due from Other Funds	Due to Other Funds	Amount
General Fund	Special Revenues Grants Fund	\$ 536,178
General Fund	Nonmajor Governmental Funds	151,106
		\$ 687,284

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

***Advances To/From Other Funds***

Advances to Other Funds	Advances from Other Funds	Amount
General Fund	Nonmajor Governmental Funds	\$ 741,556

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

***Transfers***

Transfers In	Transfers Out	Amount
General Fund	Special Revenues Grants Fund	\$ 127,332
Special Revenue Retirement/Pension Fund	General Fund	2,200,000
General Liability Internal Service Fund	Special Revenue CERCLA Liability Fund	250,000
General Liability Internal Service Fund	Separation Benefits Internal Service Fund	500,000
		\$ 3,077,332

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 2015-16, Transfers from the Special Revenue Grants Fund to the General Fund consist: Ground Emergency Medical Transport (“GEMT”) reimbursements, \$98,007; 1998 LA County Grant, \$8,545 and California Foundation Program, \$20,780 fund closure transfers. Transfers from the General Fund to the Special Revenue Retirement/Pension Fund were for the General Fund’s portion of pension contributions. Transfers from the Special Revenue CERCLA Liability Fund and Separation Benefits Internal Service Fund to the City’s General Liability Internal Service Fund were for an approved general use of surplus CERCLA and separation benefits monies.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**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, 2016 amounted to \$1,783,673. 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).

During 2016, the transfer of 2002 TI Bonds proceeds of \$5.6 million from the Successor Agency to the City, which was approved by the State Department of Finance through the ROPS process, and is recorded as an extraordinary item on the statement of revenues, expenditures, and changes in fund balances – governmental funds.

**6. LAND HELD FOR RESALE**

Land held for resale is generally acquired for redevelopment through the use of disposition and development agreements.

On June 7, 2016, the Successor Agency to the Former Monterey Park Redevelopment Agency sold the Garvey Lot for total net proceeds of \$1,820,214. The entire net proceeds of \$1,820,214 were transferred to the L.A. County Auditor-Controller's Office on June 17, 2016 for distribution to taxing entities. At June 30, 2016, there is no land held for resale reported in the private purpose trust fund.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**7. CAPITAL ASSETS**

At June 30, 2016, 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	<u>2,476,637</u>	<u>4,021,881</u>	<u>6,498,518</u>
<b>Total Capital Assets, Not Being Depreciated</b>	<u>10,941,688</u>	<u>4,521,856</u>	<u>15,463,544</u>
<b>Capital Assets, Being Depreciated:</b>			
Buildings	30,391,663	285,050	30,676,713
Improvements	14,626,865	49,384,568	64,011,433
Equipment	23,668,195	2,837,417	26,505,612
Infrastructure	<u>29,382,919</u>	<u>10,066,557</u>	<u>39,449,476</u>
<b>Total Capital Assets, Being Depreciated</b>	<u>98,069,642</u>	<u>62,573,592</u>	<u>160,643,234</u>
<b>Less Accumulated Depreciation:</b>			
Buildings	(12,526,843)	(121,149)	(12,647,992)
Improvements	(4,356,826)	(20,397,299)	(24,754,125)
Equipment	(21,412,309)	(2,517,022)	(23,929,331)
Infrastructure	<u>(19,760,785)</u>	<u>(8,800,718)</u>	<u>(28,561,503)</u>
<b>Total Accumulated Depreciation</b>	<u>(58,056,763)</u>	<u>(31,836,188)</u>	<u>(89,892,951)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>40,012,879</u>	<u>30,737,404</u>	<u>70,750,283</u>
<b>Total Capital Assets, Net</b>	<u>\$ 50,954,567</u>	<u>\$ 35,259,260</u>	<u>\$ 86,213,827</u>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**7. CAPITAL ASSETS, CONTINUED**

*Governmental Activities*

A summary of changes in capital asset activity for the year ended June 30, 2016 is as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Capital Assets, Not Being Depreciated:</b>					
Land	\$ 8,465,051	\$ -	\$ -	\$ -	\$ 8,465,051
Construction in progress	<u>1,557,549</u>	<u>1,442,416</u>	<u>-</u>	<u>(523,328)</u>	<u>2,476,637</u>
<b>Total Capital Assets, Not Being Depreciated</b>	<u>10,022,600</u>	<u>1,442,416</u>	<u>-</u>	<u>(523,328)</u>	<u>10,941,688</u>
<b>Capital Assets, Being Depreciated:</b>					
Buildings	30,391,663	-	-	-	30,391,663
Improvements	13,322,574	780,963	-	523,328	14,626,865
Equipment	23,281,080	504,271	(117,156)	-	23,668,195
Infrastructures	<u>28,274,667</u>	<u>1,108,252</u>	<u>-</u>	<u>-</u>	<u>29,382,919</u>
<b>Total Capital Assets, Being Depreciated</b>	<u>95,269,984</u>	<u>2,393,486</u>	<u>(117,156)</u>	<u>523,328</u>	<u>98,069,642</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	(11,911,334)	(615,509)	-	-	(12,526,843)
Improvements	(3,980,631)	(376,195)	-	-	(4,356,826)
Equipment	(20,659,546)	(869,919)	117,156	-	(21,412,309)
Infrastructures	<u>(19,165,406)</u>	<u>(595,379)</u>	<u>-</u>	<u>-</u>	<u>(19,760,785)</u>
<b>Total Accumulated Depreciation</b>	<u>(55,716,917)</u>	<u>(2,457,002)</u>	<u>117,156</u>	<u>-</u>	<u>(58,056,763)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>39,553,067</u>	<u>(63,516)</u>	<u>-</u>	<u>523,328</u>	<u>40,012,879</u>
<b>Total Capital Assets, Net</b>	<u>\$ 49,575,667</u>	<u>\$ 1,378,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,954,567</u>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**7. CAPITAL ASSETS, CONTINUED**

*Business-Type Activities*

A summary of changes in capital asset activity for the year ended June 30, 2016 is as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Capital Assets, Not Being Depreciated:</b>					
Land	\$ 499,975	\$ -	\$ -	\$ -	\$ 499,975
Construction in progress	<u>452,608</u>	<u>4,021,881</u>	<u>-</u>	<u>(452,608)</u>	<u>4,021,881</u>
<b>Total Capital Assets, Not Being Depreciated</b>	<u>952,583</u>	<u>4,021,881</u>	<u>-</u>	<u>(452,608)</u>	<u>4,521,856</u>
<b>Capital Assets, Being Depreciated:</b>					
Buildings	285,050	-	-	-	285,050
Improvements	44,143,654	4,788,306	-	452,608	49,384,568
Equipment	2,761,490	95,662	(19,735)	-	2,837,417
Infrastructures	<u>10,066,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,066,557</u>
<b>Total Capital Assets, Being Depreciated</b>	<u>57,256,751</u>	<u>4,883,968</u>	<u>(19,735)</u>	<u>452,608</u>	<u>62,573,592</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	(115,560)	(5,589)	-	-	(121,149)
Improvements	(19,069,863)	(1,327,436)	-	-	(20,397,299)
Equipment	(2,478,228)	(58,529)	19,735	-	(2,517,022)
Infrastructures	<u>(8,715,009)</u>	<u>(85,709)</u>	<u>-</u>	<u>-</u>	<u>(8,800,718)</u>
<b>Total Accumulated Depreciation</b>	<u>(30,378,660)</u>	<u>(1,477,263)</u>	<u>19,735</u>	<u>-</u>	<u>(31,836,188)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>26,878,091</u>	<u>3,406,705</u>	<u>-</u>	<u>452,608</u>	<u>30,737,404</u>
<b>Total Capital Assets, Net</b>	<u>\$ 27,830,674</u>	<u>\$ 7,428,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,259,260</u>

Depreciation expense of \$3,934,265 was charged to the following functions:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
General government	\$ 160,339	\$ -	\$ 160,339
Public safety	884,869	-	884,869
Community development	7,892	-	7,892
Culture and recreation	690,397	-	690,397
Street and highways	713,505	-	713,505
Water Utility	-	1,390,119	1,390,119
Sewer	<u>-</u>	<u>87,144</u>	<u>87,144</u>
<b>Total</b>	<u>\$ 2,457,002</u>	<u>\$ 1,477,263</u>	<u>\$ 3,934,265</u>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**8. LONG-TERM DEBT**

Changes in long-term debt for the City for the year June 30, 2016 are as follows:

<u>Governmental Activities</u>	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2016</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
<b>Bonds Payable:</b>						
2004 Taxable Pension						
Obligation Bonds	\$ 14,425,000	\$ -	\$ (455,000)	\$ 13,970,000	\$ 450,000	\$ 13,520,000
<b>Total Bonds Payable</b>	<u>14,425,000</u>	<u>-</u>	<u>(455,000)</u>	<u>13,970,000</u>	<u>450,000</u>	<u>13,520,000</u>
<b>Loans and Notes Payable:</b>						
HUD Section 108						
Loans Payable	3,538,000	-	(356,000)	3,182,000	378,000	2,804,000
Library Special Tax						
Revenue Notes Series 2005	1,076,668	-	(345,433)	731,235	358,719	372,516
<b>Total Loans and     Notes Payable</b>	<u>4,614,668</u>	<u>-</u>	<u>(701,433)</u>	<u>3,913,235</u>	<u>736,719</u>	<u>3,176,516</u>
Compensated Absences	4,511,425	12,490	(61,736)	4,462,179	446,218	4,015,961
Capital Lease Obligations	2,441,576	-	(134,831)	2,306,745	258,253	2,048,492
Net Pension Liabilities	64,632,061	9,869,931	(6,069,399)	68,432,593	-	68,432,593
Net OPEB Obligation	11,483,832	348,680	-	11,832,512	-	11,832,512
Claims and Judgments	8,841,343	2,213,786	(1,690,826)	9,364,303	1,951,303	7,413,000
<b>Total Governmental Activities</b>	<u>\$ 110,949,905</u>	<u>\$ 12,444,887</u>	<u>\$ (9,113,225)</u>	<u>\$ 114,281,567</u>	<u>\$ 3,842,493</u>	<u>\$ 110,439,074</u>
<b>Business-Type Activities</b>						
Compensated Absences	\$ 620,161	\$ 125,544	\$ -	\$ 745,705	\$ 74,571	\$ 671,134
Capital Lease Obligations	12,747,462	-	(620,785)	12,126,677	1,188,485	10,938,192
Net Pension Liabilities	7,014,243	839,660	(567,183)	7,286,720	-	7,286,720
Net OPEB Obligation	878,458	70,306	-	948,764	-	948,764
<b>Total Business-Type Activities</b>	<u>\$ 21,260,324</u>	<u>\$ 1,035,510</u>	<u>\$ (1,187,968)</u>	<u>\$ 21,107,866</u>	<u>\$ 1,263,056</u>	<u>\$ 19,844,810</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, 2016, \$98,818 in compensated absences and \$9,364,303 in claims and judgments of 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 claims and judgments, compensated absences, net pension obligation and net other postemployment benefits obligation for the governmental activities.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**8. 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 will not be 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 \$13,970,000 at June 30, 2016.

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>
2017	\$ 450,000	\$ 842,589	\$ 1,292,589
2018	445,000	816,057	1,261,057
2019	440,000	789,820	1,229,820
2020	435,000	763,878	1,198,878
2021	430,000	738,230	1,168,230
2022 - 2026	2,900,000	3,292,328	6,192,328
2027 - 2031	5,045,000	2,117,182	7,162,182
2032 - 2034	<u>3,825,000</u>	<u>473,928</u>	<u>4,298,928</u>
<b>Total</b>	<b><u>\$ 13,970,000</u></b>	<b><u>\$ 9,834,012</u></b>	<b><u>\$ 23,804,012</u></b>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**8. 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 \$3,182,000 at June 30, 2016.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 378,000	\$ 54,070	\$ 432,070
2018	401,000	50,637	451,637
2019	426,000	45,939	471,939
2020	451,000	38,867	489,867
2021	479,000	29,886	508,886
2022 - 2025	<u>1,047,000</u>	<u>25,777</u>	<u>1,072,777</u>
<b>Total</b>	<b><u>\$ 3,182,000</u></b>	<b><u>\$ 245,176</u></b>	<b><u>\$ 3,427,176</u></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 is secured by City's Special Library Tax. Annual Principal and interest payments on the note are expected to require less than 80% of net revenues. The amount of principal and interest outstanding at June 30, 2016 totaled \$766,387. Principal and interest paid for the current year is \$383,195 and the net library tax revenue was \$504,988.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**8. LONG-TERM DEBT, CONTINUED**

*Library Special Tax Revenue Note Series 2005, Continued*

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 358,719	\$ 24,475	\$ 383,194
2018	372,516	10,677	383,193
<b>Total</b>	<u>\$ 731,235</u>	<u>\$ 35,152</u>	<u>\$ 766,387</u>

Changes in long-term debt for the Successor Agency for the year ended June 30, 2016 are as follows:

<u>Successor Agency</u>	<u>Restated Balance at July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2016</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	\$ 12,815,000	\$ -	\$ (845,000)	\$ 11,970,000	\$ 875,000	\$ 11,095,000
2013B Tax Refunding Bonds – Merged Redevelopment Project	6,640,000	-	(345,000)	6,295,000	360,000	5,935,000
Subtotal	19,455,000	-	(1,190,000)	18,265,000	1,235,000	17,030,000
Add deferred amounts:						
Bond premium	1,094,693	-	(93,417)	1,001,276	-	1,001,276
<b>Total Bonds Payable</b>	<u>20,549,693</u>	<u>-</u>	<u>(1,283,417)</u>	<u>19,266,276</u>	<u>1,235,000</u>	<u>18,031,276</u>
<b>Loans and Notes Payable:</b>						
Tax Increment Deferred Loan - Atlantic/Garvey Project	9,207,573	644,335	-	9,851,908	-	9,851,908
Tax Increment Deferred Loans - Merged Project (1)	43,478,857	2,912,771	-	46,391,628	-	46,391,628
Low/Mod Housing Deferred Loans	1,186,222	-	-	1,186,222	-	1,186,222
<b>Total Loans and Notes Payable</b>	<u>53,872,652</u>	<u>3,557,106</u>	<u>-</u>	<u>57,429,758</u>	<u>-</u>	<u>57,429,758</u>
<b>Total Successor Agency</b>	<u>\$ 74,422,345</u>	<u>\$ 3,557,106</u>	<u>\$ (1,283,417)</u>	<u>\$ 76,696,034</u>	<u>\$ 1,235,000</u>	<u>\$ 75,461,034</u>

- (1) The beginning balance of the tax increment deferred loans – merged project has been increased by \$3,268,716 to report an existing deferred loan related to the former Central Commercial 99 Annex Project Area.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**8. 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, 2016 totaled \$15,202,726. Interest paid for the current year is \$586,281, and the net tax increment revenue is collected and withheld by the County of Los Angeles due to the dissolution of the former Redevelopment Agency.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 875,000	\$ 547,506	\$ 1,422,506
2018	915,000	502,756	1,417,756
2019	965,000	455,756	1,420,756
2020	1,010,000	406,381	1,416,381
2021	1,065,000	354,506	1,419,506
2022 - 2026	5,885,000	938,368	6,823,368
2027 - 2030	<u>1,255,000</u>	<u>27,453</u>	<u>1,282,453</u>
<b>Total</b>	<b><u>\$ 11,970,000</u></b>	<b><u>\$ 3,232,726</u></b>	<b><u>\$ 15,202,726</u></b>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**8. 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, 2016 totaled \$8,415,164. Interest paid for the current year is \$308,731 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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 360,000	\$ 292,831	\$ 652,831
2018	380,000	274,331	654,331
2019	400,000	254,831	654,831
2020	420,000	234,331	654,331
2021	435,000	212,956	647,956
2022 - 2026	2,520,000	716,400	3,236,400
2027 - 2030	<u>1,780,000</u>	<u>134,484</u>	<u>1,914,484</u>
<b>Total</b>	<u>\$ 6,295,000</u>	<u>\$ 2,120,164</u>	<u>\$ 8,415,164</u>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**8. 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 \$9,851,908 at June 30, 2016.

***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 \$46,391,628 at June 30, 2016.

***Low/Mod Housing Deferred Loans***

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

A summary of the repayment plan is presented below:

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

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**9. 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 7) and are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Machinery and Equipment	\$ 1,771,926	\$ -	\$ 1,771,926
Improvements	-	18,044,644	18,044,644
Construction in Progress	<u>2,459,031</u>	<u>4,021,881</u>	<u>6,480,912</u>
Subtotal	4,230,957	22,066,525	26,297,482
Less: Accumulated Depreciation	<u>(1,771,926)</u>	<u>(4,526,023)</u>	<u>(6,297,949)</u>
<b>Total</b>	<u>\$ 2,459,031</u>	<u>\$ 17,540,502</u>	<u>\$ 19,999,533</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Fiscal Year:</b>			
2017	\$ 258,253	\$ 1,188,485	\$ 1,446,738
2018	265,033	1,226,313	1,491,346
2019	272,408	1,097,499	1,369,907
2020	280,426	1,142,311	1,422,737
2021	286,552	976,378	1,262,930
2022 - 2026	710,546	4,576,142	5,286,688
2027 - 2031	<u>706,873</u>	<u>4,553,515</u>	<u>5,260,388</u>
Subtotal	2,780,091	14,760,643	17,540,734
Less: Amount representing Interest	<u>(473,346)</u>	<u>(2,633,966)</u>	<u>(3,107,312)</u>
<b>Present Value of Future Minimum Lease Payments</b>	<u>\$ 2,306,745</u>	<u>\$ 12,126,677</u>	<u>\$ 14,433,422</u>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**10. 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 \$230,615, and the Pacific Bridge Loan in the amount of \$391,334, described in Note 3 at June 30, 2016 has 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>Due to Other Governmental Agencies:</b>	<u><b>Amount</b></u>
CDBG Residential Rehabilitation Program	\$ 48,015
SERA Program	4,322
Pacific Housing Corporation Loan	230,615
Pacific Bridge Loan	391,334
<b>Total</b>	<u><u>\$ 674,286</u></u>

**11. PENSION PLANS**

**A. Defined Benefit Pension Plans**

<u>Governmental Activities</u>	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
<b>Deferred Outflows of Resources:</b>				
Pension contribution after measurement date:				
CalPERS - Miscellaneous	\$ 1,898,831	\$ 2,313,771	\$ (1,898,831)	\$ 2,313,771
CalPERS - Safety	3,220,567	3,644,930	(3,220,567)	3,644,930
Difference in projected and actual earnings on pension investments:				
MMRP	44,000	100,200	-	144,200
<b>Total Deferred Outflows of Resources</b>	<u>\$ 5,163,398</u>	<u>\$ 6,058,901</u>	<u>\$ (5,119,398)</u>	<u>\$ 6,102,901</u>
<b>Net Pension Liabilities:</b>				
CalPERS - Miscellaneous	\$ 23,482,466	\$ 2,811,029	\$ (1,898,831)	\$ 24,394,664
CalPERS - Safety	36,902,595	6,726,897	(3,220,567)	40,408,925
MMRP	4,247,000	332,004	(950,000)	3,629,004
<b>Total Net Pension Liabilities</b>	<u>\$ 64,632,061</u>	<u>\$ 9,869,930</u>	<u>\$ (6,069,398)</u>	<u>\$ 68,432,593</u>
<b>Deferred Inflows of Resources:</b>				
Difference in projected and actual earnings on pension investments:				
CalPERS - Miscellaneous	\$ 4,354,091	\$ -	\$ (3,803,466)	\$ 550,625
CalPERS - Safety	9,606,522	-	(8,369,208)	1,237,314
Changes of assumptions:				
CalPERS - Miscellaneous	-	785,579	-	785,579
CalPERS - Safety	-	2,149,708	-	2,149,708
Difference between expected and actual experience:				
CalPERS - Miscellaneous	-	711,908	-	711,908
CalPERS - Safety	-	1,291,178	-	1,291,178
<b>Total Deferred Inflows of Resources</b>	<u>\$ 13,960,613</u>	<u>\$ 4,938,373</u>	<u>\$ (12,172,674)</u>	<u>\$ 6,726,312</u>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**11. PENSION PLANS, CONTINUED**

*A. Defined Benefit Pension Plans, Continued*

<b>Business-Type Activities</b>	<b>Balance July 1, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2016</b>
<b>Deferred Outflows of Resources:</b>				
Pension contribution after measurement date:				
CalPERS - Miscellaneous	\$ 567,184	\$ 691,127	\$ (567,184)	\$ 691,127
<b>Total Deferred Outflows of Resources</b>	<b>\$ 567,184</b>	<b>\$ 691,127</b>	<b>\$ (567,184)</b>	<b>\$ 691,127</b>
<b>Net Pension Liabilities:</b>				
CalPERS - Miscellaneous	\$ 7,014,243	\$ 839,661	\$ (567,184)	\$ 7,286,720
<b>Total Net Pension Liabilities</b>	<b>\$ 7,014,243</b>	<b>\$ 839,661</b>	<b>\$ (567,184)</b>	<b>\$ 7,286,720</b>
<b>Deferred Inflows of Resources:</b>				
Difference in projected and actual earnings on pension investments:				
CalPERS - Miscellaneous	\$ 1,300,573	\$ -	\$ (1,136,101)	\$ 164,472
Difference between expected and actual experience:				
CalPERS - Miscellaneous	-	212,649	-	212,649
Changes of assumptions:				
CalPERS - Miscellaneous	-	234,654	-	234,654
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,300,573</b>	<b>\$ 447,303</b>	<b>\$ (1,136,101)</b>	<b>\$ 611,775</b>

*a. California Public Employees' Retirement System Plan*

**General Information about the Pension Plan**

*Plan Description*

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**11. PENSION PLANS, CONTINUED**

**A. *Defined Benefit Pension Plans, Continued***

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

**General Information about the Pension Plan, Continued**

***Benefit Provided***

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

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

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

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

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

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

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**11. 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, 2014, the valuation date, the following employees were covered by the benefit terms

	<b>Plans</b>	
	<b>Miscellaneous</b>	<b>Safety</b>
Active employees	185	119
Transferred and terminated employees	337	111
Retired employees and beneficiaries	264	232
Total	786	462

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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014, the average active miscellaneous and safety employee contribution rates were 7.970% and 9.019% of annual pay, respectively, and the employer's contribution rates were 21.676% and 25.887% of miscellaneous and safety employee annual payroll, respectively.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**11. 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, 2015, the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50%, Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
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, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2012, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**11. 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 7.50 percent, which is net of administrative expenses. An investment return excluding administrative expenses would have been 7.65 percent. Management has determined that using the lower discount rate has resulted in a slightly higher total pension liability and net pension liability and the difference was deemed immaterial to the financial statements. The long-term expected rate of return on pension plan investments was determined in which best-estimate ranges of expected future real rates (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, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class.

The table below reflects 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. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
<b>Total</b>	<b>100.00%</b>		

(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, 2016**

**11. PENSION PLANS, CONTINUED**

**A. Defined Benefit Pension Plans, Continued**

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

**Changes in the Net Pension Liability**

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

	<u>Miscellaneous Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total</u>	<u>Plan</u>	<u>Net Pension</u>
	<u>Pension</u>	<u>Fiduciary</u>	<u>Liability</u>
	<u>Liability</u>	<u>Net Position</u>	<u>(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(c) = (a) - (b)</u>
Balance at June 30, 2014 (Measurement Date)	\$ 113,458,424	\$ 82,961,715	\$ 30,496,709
Changes Recognized for the Measurement Period:			
Service cost	1,980,088	-	1,980,088
Interest on the total pension liability	8,290,095	-	8,290,095
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(1,849,112)	-	(1,849,112)
Changes in assumptions	(2,040,465)	-	(2,040,465)
Plan to Plan resource movement	-	-	-
Contributions from the employer	-	2,466,015	(2,466,015)
Contributions from employees	-	940,132	(940,132)
Net investment income, net of administrative expense	-	1,789,784	(1,789,784)
Benefit payments, including refunds of employee contributions	(4,383,243)	(4,383,243)	-
Net Changes during July 1, 2014 to June 30, 2015	1,997,363	812,688	1,184,675
Balance at June 30, 2015 (Measurement Date)	\$ 115,455,787	\$ 83,774,403	\$ 31,681,384

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**11. 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 <b>(a)</b>	Plan Fiduciary Net Position <b>(b)</b>	Net Pension Liability (Asset) <b>(c) = (a) - (b)</b>
Balance at June 30, 2014 (Valuation Date)	\$ 176,515,282	\$ 139,612,687	\$ 36,902,595
Changes Recognized for the Measurement Period:			
Service cost	2,923,036	-	2,923,036
Interest on the total pension liability	12,911,065	-	12,911,065
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(1,936,767)	-	(1,936,767)
Changes in assumptions	(3,224,562)	-	(3,224,562)
Plan to Plan resource movement	-	-	-
Contributions from the employer	-	3,220,567	(3,220,567)
Contributions from employees	-	1,046,298	(1,046,298)
Net investment income, net of administrative expense	-	2,899,577	(2,899,577)
Benefit payments, including refunds of employee contributions	(8,086,742)	(8,086,742)	-
Net Changes during July 1, 2014 to June 30, 2015)	2,586,030	(920,300)	3,506,330
Balance at June 30, 2015 (Measurement Date)	\$ 179,101,312	\$ 138,692,387	\$ 40,408,925

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

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

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 47,271,772	\$ 64,924,814
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 31,681,384	\$ 40,408,925
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 18,792,055	\$ 20,284,922

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**11. 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, 2015, the City incurred a pension expense/(income) of \$655,903 and \$1,798,571 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2015, 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	\$ 3,004,898	\$ -
Difference between expected and actual experience	-	(924,557)
Changes of assumptions	-	(1,020,233)
Net differences between projected and actual earnings on pension plan investments	-	(715,097)
<b>Total</b>	<b>\$ 3,004,898</b>	<b>\$ (2,659,887)</b>
<b>Safety Plan</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions made after the measurement date	\$ 3,644,930	\$ -
Difference between expected and actual experience	-	(1,291,178)
Changes of assumptions	-	(2,149,708)
Net differences between projected and actual earnings on pension plan investments	-	(1,237,314)
<b>Total</b>	<b>\$ 3,644,930</b>	<b>\$ (4,678,200)</b>

The amounts above are net of outflows and inflows recognized in the 2014-15 measurement period expense.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**11. 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 2014-15 measurement period is 2 and 3 years, respectively, which was obtained by dividing the total service years of 1,611 and 1,381 (the sum of remaining service lifetimes of the active employees), respectively, by 786 and 462 (the total number of participants: active, inactive, and retired), respectively.

For the miscellaneous plan and safety plan, \$3,004,898 and \$3,644,930, 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 ended June 30, 2017. 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>
2016	\$ (2,476,979)	\$ (2,630,179)
2017	(532,191)	(2,630,179)
2018	(532,191)	(909,738)
2019	881,474	1,491,896
2020	-	-
Thereafter	-	-

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**11. 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 60 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, 2016 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 \$950,000 for the year ended June 30, 2016, which was determined as part of the June 30, 2015 actuarial valuation.

**Net Pension Liability**

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

For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability to June 30, 2016 based on actual benefit payments made during the year ended June 30, 2016.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**11. 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 June 30, 2015 and the June 30, 2016 total pension liabilities were 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	4.75%
Expected Long-term Rate of Return on Investment	4.75%
Municipal Bond Rate	2.71%
Inflation	3.00%
Mortality Rate	CalPERS 1997-2011 experience study
Mortality Improvement Scale	Fully generational projection with Scale AA
Cost of Living Adjustment/PPPA	2%; PPPA valued for each annuitant

*Discount Rate*

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

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**11. 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, 2015	\$ 6,761,000	\$ 2,514,000	\$ 4,247,000
Changes Recognized for the Measurement Period:			
Service cost	-	-	-
Interest on the total pension liability	305,004	-	305,004
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions from the employer	-	950,000	(950,000)
Contributions from employees	-	-	-
Net investment income	-	(27,000)	27,000
Benefit payments, including refunds	(691,000)	(691,000)	-
Net Changes during July 1, 2015 to June 30, 2016	(385,996)	232,000	(617,996)
Balance at June 30, 2016 (Measurement Date)	\$ 6,375,004	\$ 2,746,000	\$ 3,629,004

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

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

1% Decrease	3.75%
Net Pension Liability	\$ 4,130,000
Current Discount Rate	4.75%
Net Pension Liability	\$ 3,629,004
1% Increase	5.75%
Net Pension Liability	\$ 3,195,000

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**11. 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, 2016, the City incurred a pension expense/(income) of \$231,000 for MMRP. As of measurement date of June 30, 2016, 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	144,200	-
<b>Total</b>	\$ 144,200	\$ -

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

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

<b>Measurement Period Ending June 30,</b>	<b>Amount</b>
2016	\$ 38,800
2017	38,800
2018	38,800
2019	27,800
2020	-
Thereafter	-

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**11. 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, 2016, 105 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 \$89,942 and covered payroll for the year ended June 30, 2016 totaled \$1,199,225. The City contributed \$47,969 (4% of current covered payroll) and employees contributed \$41,973 (3.5% of current covered payroll). Total plan assets at June 30, 2016 were \$811,877. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and, therefore, are not included in the financial statements.

**12. OTHER POST EMPLOYMENT BENEFITS**

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

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

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

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

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

**Funding Policy**

The contribution requirements are established and amended by the City. The contribution is based on pay-as-you-go financing requirements. For the year ended June 30, 2016, the City contributed \$1,100,000 to the irrevocable trust, and \$1,281,014 as the pay-as-you-go portion. The breakdown is as follows:

Police	\$	881,000
Fire		357,200
Miscellaneous		<u>1,142,814</u>
<b>Total</b>		<u><u>\$ 2,381,014</u></u>

**Annual OPEB Cost and Net OPEB Obligation**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Annual Required Contributions	\$ 2,475,660	\$ 186,340	\$ 2,662,000
Interest on Beginning Net OPEB Obligation	817,470	61,530	879,000
Adjustment to the Annual Required Contribution	<u>(689,130)</u>	<u>(51,870)</u>	<u>(741,000)</u>
Annual OPEB Cost	2,604,000	196,000	2,800,000
Contributions Made to Irrevocable Trust	(1,023,000)	(77,000)	(1,100,000)
Contributions Made Outside of a Trust	<u>(1,232,320)</u>	<u>(48,694)</u>	<u>(1,281,014)</u>
Change in Net OPEB Obligation	348,680	70,306	418,986
Net OPEB Obligation, Beginning of Year	<u>11,483,832</u>	<u>878,458</u>	<u>12,362,290</u>
Net OPEB Obligation, End of Year	<u><u>\$ 11,832,512</u></u>	<u><u>\$ 948,764</u></u>	<u><u>\$ 12,781,276</u></u>

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

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

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

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

**Funded Status and Funding Progress**

As of June 30, 2015, the most recent valuation date, the Actuarial Accrued Liability for benefits was \$32,127,000, and the actuarial value of assets was \$2,661,000, resulting in an UAAL of \$29,466,000. The covered payroll (annual payroll of active employees covered by the plan) was \$19,939,000 and the ratio of UAAL to the covered payroll was 148 percent.

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

**Actuarial Methods and Assumptions**

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

For the June 30, 2015 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 7.25% discount rate, 3.00% inflation rate, and an annual healthcare cost trend rate of 7.5% initially and reduced by decrements of 0.5% to an ultimate rate of 5.0% thereafter. The UAAL is being amortized as level percentage of future payroll on a 28 year fixed amortization period from June 30, 2015.

**13. 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 \$100 million per occurrence. The City retains the risk for the first \$300,000 of each General Liability and Auto Liability claim and is a member of the Independent Cities Risk Management Authority for coverage up to \$20 million per occurrence. The City also purchases commercial insurance for other risks of loss, including property loss, emergency vehicle physical damage and special events.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**13. RISK MANAGEMENT, CONTINUED**

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

At June 30, 2016 total estimated claims payable were as follows:

General Liability	\$ 2,894,575
Workers' Compensation	<u>6,469,728</u>
<b>Total</b>	<u><u>\$ 9,364,303</u></u>

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.

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Claims Liabilities - Beginning Balance	\$ 8,841,343	\$ 8,324,331	\$ 6,570,107
Incurred claims, representing the total of a provision for events of the current fiscal year and any change in the provision for events of prior fiscal years	2,213,786	1,516,247	3,611,158
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(1,690,826)</u>	<u>(999,235)</u>	<u>(1,856,934)</u>
Claims Liabilities - Ending Balance	<u><u>\$ 9,364,303</u></u>	<u><u>\$ 8,841,343</u></u>	<u><u>\$ 8,324,331</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.

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**14. OTHER REQUIRED DISCLOSURES**

***Deficit Net Position***

*Fund Financial Statements*

At June 30, 2016, deficit net position was reported for the Successor Agency Private-Purpose Trust Fund in the amount of \$(76,962,817). The deficit is expected to be eliminated with future payments from the Redevelopment Property Tax Trust Fund to the Successor Agency for its long-term debt.

At June 30, 2016, deficit net position was reported for the Workers' Compensation Internal Service Fund in the amount of \$(3,320,512). 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.

***Deficit Fund Balances***

*Fund Financial Statements*

At June 30, 2016, deficit fund balances were reported for Special Revenue Park Facilities Fund and Special Revenue Public Safety Impact Fee Special Revenue Fund in the amount of \$(128,893) and \$(39,246), respectively. City management intends to eliminate the deficit fund balances by anticipated high revenues in subsequent years due to development projects.

***Excess of Expenditures over Appropriations***

Total expenditures exceeded budgeted appropriation in the following funds.

	<u><b>Final Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance</b></u>
Major Fund:			
Retirement/Pension Liability Fund	\$ 7,741,436	\$ 8,245,499	\$ (504,063)
Nonmajor Special Revenue Governmental Funds:			
Gas Tax	1,777,520	1,779,729	(2,209)
Proposition C	849,538	878,186	(28,648)
Public Safety Augmentation	650,000	663,701	(13,701)
Special Revenue Library Tax	585,286	586,153	(867)

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**15. FUND BALANCE CLASSIFICATIONS**

	<u>Major Funds</u>					<u>Totals</u>
	<u>Special Revenue</u>				<u>Nonmajor Governmental</u>	
	<u>General</u>	<u>Grants</u>	<u>Retirement/ Pension</u>	<u>Housing</u>		
<b>Nonspendable:</b>						
Advances to other funds	\$ 741,556	\$ -	\$ -	\$ -	\$ -	\$ 741,556
<b>Total Nonspendable</b>	<b>741,556</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>741,556</b>
<b>Restricted:</b>						
Siemens energy project	78,799	-	-	-	-	78,799
Housing	-	-	-	2,452,979	-	2,452,979
Grants:						
Highways and streets	-	257,212	-	-	-	257,212
Public safety	-	404,064	-	-	-	404,064
Economic development	-	604,360	-	-	-	604,360
Other projects under \$300,000 in aggregates	-	217,852	-	-	-	217,852
Retirement	-	-	9,345,737	-	-	9,345,737
OPA Proposition A	-	-	-	-	2,467,288	2,467,288
State Gas Tax	-	-	-	-	1,920,664	1,920,664
Proposition C	-	-	-	-	917,602	917,602
Air Quality Improvement	-	-	-	-	241,128	241,128
Asset Forfeiture	-	-	-	-	1,095,205	1,095,205
Business Improvement Area #1	-	-	-	-	197,418	197,418
Maintenance District 93-1	-	-	-	-	34,135	34,135
Measure R	-	-	-	-	1,397,955	1,397,955
Library Tax	-	-	-	-	43,975	43,975
<b>Total Restricted</b>	<b>78,799</b>	<b>1,483,488</b>	<b>9,345,737</b>	<b>2,452,979</b>	<b>8,315,370</b>	<b>21,676,373</b>
<b>Committed:</b>						
Catastrophic event	2,340,000	-	-	-	-	2,340,000
Working capital	3,000,000	-	-	-	-	3,000,000
Economic development	5,639,027	-	-	-	-	5,639,027
CERCLA Liability	-	-	-	-	584,570	584,570
<b>Total Committed</b>	<b>10,979,027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>584,570</b>	<b>11,563,597</b>
<b>Assigned:</b>						
City capital improvements	12,052,503	-	-	-	-	12,052,503
<b>Total Assigned</b>	<b>12,052,503</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,052,503</b>
<b>Unassigned:</b>						
General Fund	4,554,426	-	-	-	-	4,554,426
Park facilities	-	-	-	-	(128,893)	(128,893)
Public safety	-	-	-	-	(39,246)	(39,244)
<b>Total Unassigned</b>	<b>4,554,426</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(168,139)</b>	<b>4,386,287</b>
<b>Total Fund Balances</b>	<b>\$ 28,406,311</b>	<b>\$ 1,483,488</b>	<b>\$ 9,345,737</b>	<b>\$ 2,452,979</b>	<b>\$ 8,731,801</b>	<b>\$ 50,420,316</b>

**CITY OF MONTEREY PARK**  
**Notes to Basic Financial Statements, Continued**  
**For the Year Ended June 30, 2016**

**16. SUBSEQUENT EVENTS**

Events occurring after June 30, 2016, have been evaluated for possible adjustments to the financial statements or disclosure as of November 28, 2016, which is the date these financial statements were available to be issued.

**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, 2016**

**Last Ten Fiscal Years**

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

Measurement period	2014-15 <sup>1</sup>	2013-14 <sup>1</sup>
<b>Total pension liability</b>		
Service cost	\$ 1,980,088	\$ 1,910,429
Interest	8,290,095	7,992,845
Changes of benefit terms	-	-
Differences between expected and actual experience	(1,849,112)	-
Changes of assumptions	(2,040,465)	-
Benefit payments, including refunds of employee contributions	(4,383,243)	(4,121,783)
<b>Net change in total pension liability</b>	1,997,363	5,781,491
<b>Total pension liability - beginning</b>	113,458,424	107,676,933
<b>Total pension liability - ending (a)</b>	\$ 115,455,787	\$ 113,458,424
<b>Pension fiduciary net position</b>		
Contributions - employer	\$ 2,466,015	\$ 2,203,100
Contributions - employee	940,132	838,784
Net investment income <sup>2</sup>	1,789,784	12,387,447
Benefit payments, including refunds of employee contributions	(4,383,243)	(4,121,783)
Other	-	-
<b>Net change in plan fiduciary net position</b>	812,688	11,307,548
<b>Plan fiduciary net position - beginning</b>	82,961,715	71,654,167
<b>Plan fiduciary net position - ending (b)</b>	\$ 83,774,403	\$ 82,961,715
<b>Plan net pension liability - ending (a) - (b)</b>	\$ 31,681,384	\$ 30,496,709
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	72.56%	73.12%
<b>Covered-employee payroll</b>	\$ 11,412,611	\$ 10,708,680
<b>Plan net pension liability as a percentage of covered-employee payroll</b>	277.60%	284.78%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<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, 2013. 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:** The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios, Continued**  
**June 30, 2016**

**Last Ten Fiscal Years**

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

Measurement period	2014-15 <sup>1</sup>	2013-14 <sup>1</sup>
<b>Total pension liability</b>		
Service cost	\$ 2,923,036	\$ 3,003,645
Interest	12,911,065	12,482,279
Changes of benefit terms	-	-
Differences between expected and actual experience	(1,936,767)	-
Changes of assumptions	(3,224,562)	-
Benefit payments, including refunds of employee contributions	(8,086,742)	(7,798,383)
<b>Net change in total pension liability</b>	2,586,030	7,687,541
<b>Total pension liability - beginning</b>	176,515,282	168,827,741
<b>Total pension liability - ending (a)</b>	\$ 179,101,312	\$ 176,515,282
<b>Pension fiduciary net position</b>		
Contributions - employer	\$ 3,220,567	\$ 2,924,318
Contributions - employee	1,046,298	1,022,948
Net investment income <sup>2</sup>	2,899,577	21,032,695
Benefit payments, including refunds of employee contributions	(8,086,742)	(7,798,383)
Other	-	-
<b>Net change in plan fiduciary net position</b>	(920,300)	17,181,578
<b>Plan fiduciary net position - beginning</b>	139,612,687	122,431,109
<b>Plan fiduciary net position - ending (b)</b>	\$ 138,692,387	\$ 139,612,687
<b>Plan net pension liability - ending (a) - (b)</b>	\$ 40,408,925	\$ 36,902,595
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	77.44%	79.09%
<b>Covered-employee payroll</b>	\$ 11,541,643	\$ 11,410,291
<b>Net pension liability as a percentage of covered-employee payroll</b>	350.11%	323.42%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<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, 2014. 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: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios, Continued**  
**June 30, 2016**

**Last Ten Fiscal Years**

**Massachusetts Mutual Retirement Plan (MMRP)**

	2015-16 <sup>1</sup>	2014-15 <sup>1</sup>
<b>Total pension liability</b>		
Service cost	\$ -	\$ -
Interest	305,004	321,000
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(53,000)
Changes of assumptions	-	76,000
Benefit payments, including refunds of employee contributions	(691,000)	(702,000)
<b>Net change in total pension liability</b>	(385,996)	(358,000)
<b>Total pension liability - beginning</b>	6,761,000	7,119,000
<b>Total pension liability - ending (a)</b>	\$ 6,375,004	\$ 6,761,000
<b>Pension fiduciary net position</b>		
Contributions - employer	\$ 950,000	\$ 950,000
Contributions - employee	-	-
Net investment income	(13,000)	57,000
Benefit payments, including refunds of employee contributions	(691,000)	(702,000)
Administrative expense	(14,000)	(16,000)
Other	-	-
<b>Net change in plan fiduciary net position</b>	232,000	289,000
<b>Plan fiduciary net position - beginning</b>	2,514,000	2,225,000
<b>Plan fiduciary net position - ending (b)</b>	\$ 2,746,000	\$ 2,514,000
<b>Plan's net pension liability - ending (a) - (b)</b>	\$ 3,629,004	\$ 4,247,000
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	43.07%	37.18%
<b>Covered-employee payroll</b>	\$ -	\$ -
<b>Plan's net pension liability as a percentage of covered-employee payroll</b>	n/a	n/a

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contribution**  
**June 30, 2016**

**Last Ten Fiscal Years**

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

	2015-16 <sup>1</sup>	2014-15 <sup>1</sup>
Actuarially determined contribution	\$ 3,004,898	\$ 2,466,015
Contributions in relation to the actuarially determined contribution <sup>2</sup>	(3,004,898)	(2,466,015)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll <sup>3, 4</sup>	\$ 11,412,611	\$ 11,029,940
Contributions as a percentage of covered-employee payroll <sup>3</sup>	26.33%	22.36%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

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

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

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

**Notes to Schedule:**

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service, and type o
Payroll Growth	3.00%
Investment rate of return	7.65%, net of pension plan investment expense, includi
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contribution, Continued**  
**June 30, 2016**

**Last Ten Fiscal Years**

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

	2015-16 <sup>1</sup>	2014-15 <sup>1</sup>
Actuarially determined contribution	\$ 3,644,930	\$ 3,220,567
Contributions in relation to the actuarially determined contribution <sup>2</sup>	(3,644,930)	(3,220,567)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll <sup>3, 4</sup>	\$ 11,541,645	\$ 11,752,600
Contributions as a percentage of covered-employee payroll <sup>3</sup>	31.58%	27.40%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

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

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

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

**Notes to Schedule:**

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percentage of Payroll, Closed
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service, and type of employment
Payroll Growth	3.00%
Investment rate of return	7.65%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contribution, Continued**  
**June 30, 2016**

**Last Ten Fiscal Years**

**Massachusetts Mutual Retirement Plan (MMRP)**

	2015-16 <sup>1</sup>	2014-15 <sup>1</sup>
Actuarially determined contribution	\$ 950,000	\$ 950,000
Contributions in relation to the actuarially determined contribution	(950,000)	(950,000)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	n/a	n/a

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

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

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Funding Progress (\$ Amount in Thousands)**  
**June 30, 2016**

**Other Post Employment Benefit (OPEB) Plan:**

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

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited), Continued**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

	General Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 26,248,100	\$ 26,248,100	\$ 27,643,600	\$ 1,395,500
Licenses and permits	2,421,100	2,421,100	2,428,895	7,795
Charges for services	4,908,200	4,909,700	5,490,555	580,855
Revenues from use of money and property	731,400	731,400	1,046,117	314,717
Fines and forfeitures	680,000	680,000	633,881	(46,119)
Other revenue	1,142,400	8,000	1,406,552	1,398,552
Total Revenues	<u>36,131,200</u>	<u>34,998,300</u>	<u>38,649,600</u>	<u>3,651,300</u>
Expenditures:				
Current:				
General government	3,538,395	3,548,111	4,270,974	(722,863)
Public safety	22,563,227	22,609,047	22,443,071	165,976
Community development	1,422,162	1,434,237	1,347,950	86,287
Culture and recreation	5,163,239	5,198,335	5,119,708	78,627
Highways and streets	800,047	806,067	776,012	30,055
Capital outlay	140,193	5,237,846	1,334,096	3,903,750
Debt service:				
Principal retirement	6,113	6,113	6,113	-
Interest and fiscal charges	78,018	78,018	78,017	1
Total Expenditures	<u>33,711,394</u>	<u>38,917,774</u>	<u>35,375,941</u>	<u>3,541,833</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,419,806</u>	<u>(3,919,474)</u>	<u>3,273,659</u>	<u>7,193,133</u>
Other Financing Sources (Uses):				
Transfers in	-	-	127,332	127,332
Transfers out	<u>(2,200,000)</u>	<u>(2,200,000)</u>	<u>(2,200,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,200,000)</u>	<u>(2,200,000)</u>	<u>(2,072,668)</u>	<u>127,332</u>
Extraordinary Item	<u>-</u>	<u>-</u>	<u>5,638,626</u>	<u>5,638,626</u>
Net Change in Fund Balance	<u>\$ 219,806</u>	<u>\$ (6,119,474)</u>	<u>6,839,617</u>	<u>\$ 12,959,091</u>
Fund Balance, Beginning of Year			<u>21,566,694</u>	
Fund Balance, End of Year			<u>\$ 28,406,311</u>	

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited), Continued**  
**Special Revenue Grants Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

	Special Revenue Grants Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 3,075,577	\$ 4,137,950	\$ 3,203,752	\$ (934,198)
Charges for services	-	-	313	313
Revenues from use of money and property	-	63,833	102,121	38,288
Total Revenues	<u>3,075,577</u>	<u>4,201,783</u>	<u>3,306,186</u>	<u>(895,597)</u>
Expenditures:				
Current:				
General government	1,150	-	-	-
Public safety	94,750	702,158	427,615	274,543
Community development	129,505	369,730	323,583	46,147
Culture and recreation	244,252	235,263	228,461	6,802
Highways and streets	33,582	44,027	27,986	16,041
Capital outlay	1,220,134	3,069,364	1,785,204	1,284,160
Debt service:				
Principal retirement	456,164	456,164	456,164	-
Interest and fiscal charges	198,695	198,695	37,731	160,964
Total Expenditures	<u>2,378,232</u>	<u>5,075,401</u>	<u>3,286,744</u>	<u>1,788,657</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>697,345</u>	<u>(873,618)</u>	<u>19,442</u>	<u>893,060</u>
Other Financing Uses:				
Transfers in	-	-	-	-
Transfers out	-	-	(127,332)	(127,332)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(127,332)</u>	<u>(127,332)</u>
Net Change in Fund Balance	<u>\$ 697,345</u>	<u>\$ (873,618)</u>	<u>(107,890)</u>	<u>\$ 765,728</u>
Fund Balance, Beginning of Year			<u>1,591,378</u>	
Fund Balance, End of Year			<u>\$ 1,483,488</u>	

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited), Continued**  
**Special Revenue Retirement/Pension Liability Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

	Special Revenue Retirement/Pension Liability			
	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	
Revenues:				
Taxes	\$ 5,196,100	\$ 5,196,100	\$ 6,784,196	\$ 1,588,096
Revenues from use of money and property		-	8	8
Total Revenues	<u>5,196,100</u>	<u>5,196,100</u>	<u>6,784,204</u>	<u>1,588,104</u>
Expenditures:				
Current:				
General government	1,232,333	1,232,333	1,473,045	(240,712)
Public safety	4,284,700	4,284,700	4,355,675	(70,975)
Community development	228,460	294,787	412,437	(117,650)
Culture and recreation	590,775	586,874	638,162	(51,288)
Highways and streets	82,153	19,727	43,165	(23,438)
Debt service:				
Principal retirement	455,000	455,000	455,000	-
Interest and fiscal charges	868,015	868,015	868,015	-
Total Expenditures	<u>7,741,436</u>	<u>7,741,436</u>	<u>8,245,499</u>	<u>(504,063)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,545,336)</u>	<u>(2,545,336)</u>	<u>(1,461,295)</u>	<u>1,084,041</u>
Other Financing Sources:				
Transfers in	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>
Total Other Financing Sources	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (345,336)</u>	<u>\$ (345,336)</u>	<u>738,705</u>	<u>\$ 1,084,041</u>
Fund Balance, Beginning of Year			<u>8,607,032</u>	
Fund Balance, End of Year			<u>\$ 9,345,737</u>	

**CITY OF MONTEREY PARK**  
**Required Supplementary Information (Unaudited), Continued**  
**Special Revenue Housing Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2015**

	Special Revenue Housing			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Other revenue	\$ 68,671	\$ 68,671	\$ 7,620	\$ (61,051)
Total Revenues	<u>68,671</u>	<u>68,671</u>	<u>7,620</u>	<u>(61,051)</u>
Expenditures:				
Current:				
Community development	113,000	113,000	99,930	13,070
Total Expenditures	<u>113,000</u>	<u>113,000</u>	<u>99,930</u>	<u>13,070</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(44,329)</u>	<u>(44,329)</u>	<u>(92,310)</u>	<u>(47,981)</u>
Net Change in Fund Balance	<u>\$ (44,329)</u>	<u>\$ (44,329)</u>	<u>(92,310)</u>	<u>\$ (47,981)</u>
Fund Balance, Beginning of Year			<u>2,545,289</u>	
Fund Balance, End of Year			<u>\$ 2,452,979</u>	

**CITY OF MONTEREY PARK**  
**Notes to the Required Supplementary Information (Unaudited)**  
**June 30, 2016**

**Budgetary Control and Accounting**

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

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

Appropriated amounts are as originally adopted or as adjusted by the City Council throughout the year. During the 2015-2016, the City Council approved a \$3,159,488 additional General Fund budgetary appropriation plus the re-budgeted Capital Improvement carryovers of \$2,046,892, a \$2,697,169 increase in the Special Revenue Grants Fund related to various grants received and re-budgeted grant funding for capital improvements.

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

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

Under Article XIII-B of the California Constitution (The Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rate or revised fee schedules. For the fiscal year ended June 30, 2016, based on calculations by City Management, proceeds of taxes did not exceed the appropriations limit.

**SUPPLEMENTARY INFORMATION**

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## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

## 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).

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**CITY OF MONTEREY PARK**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2016**

Special Revenue Funds

	<u>Proposition A</u>	<u>Gas Tax</u>	<u>Bike Route</u>	<u>Proposition C</u>	<u>Air Quality Improvement</u>
<u>Assets</u>					
Cash and investments	\$ 2,533,104	\$ 1,995,669	\$ -	\$ 1,024,043	\$ 252,829
Accounts receivable	-	-	31,594	-	-
Interest receivable	3,789	2,980	-	1,402	364
Total Assets	<u>\$ 2,536,893</u>	<u>\$ 1,998,649</u>	<u>\$ 31,594</u>	<u>\$ 1,025,445</u>	<u>\$ 253,193</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 58,091	\$ 53,386	\$ -	\$ 107,843	\$ 12,065
Accrued payroll	11,514	24,599	-	-	-
Due to other funds	-	-	31,594	-	-
Advance from other funds	-	-	-	-	-
Total Liabilities	<u>69,605</u>	<u>77,985</u>	<u>31,594</u>	<u>107,843</u>	<u>12,065</u>
Fund Balances (Deficits):					
Restricted	2,467,288	1,920,664	-	917,602	241,128
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>2,467,288</u>	<u>1,920,664</u>	<u>-</u>	<u>917,602</u>	<u>241,128</u>
Total Liabilities and Fund Balances	<u>\$ 2,536,893</u>	<u>\$ 1,998,649</u>	<u>\$ 31,594</u>	<u>\$ 1,025,445</u>	<u>\$ 253,193</u>

**CITY OF MONTEREY PARK**  
**Combining Balance Sheet - Nonmajor Governmental Funds, Continued**  
**June 30, 2016**

	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	\$ 1,091,302	\$ 148,727	\$ 210,285	\$ 46,540	\$ 487,215
Accounts receivable	8,634	-	-	18,160	-
Interest receivable	1,659	-	297	-	-
Total Assets	<u>\$ 1,101,595</u>	<u>\$ 148,727</u>	<u>\$ 210,582</u>	<u>\$ 64,700</u>	<u>\$ 487,215</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 5,567	\$ 37,064	\$ 13,164	\$ 19,695	\$ 25,090
Accrued payroll	823	-	-	10,870	371
Due to other funds	-	-	-	-	-
Advance from other funds	-	240,556	-	-	501,000
Total Liabilities	<u>6,390</u>	<u>277,620</u>	<u>13,164</u>	<u>30,565</u>	<u>526,461</u>
Fund Balances (Deficits):					
Restricted	1,095,205	-	197,418	34,135	-
Committed	-	-	-	-	-
Unassigned	-	(128,893)	-	-	(39,246)
Total Fund Balances (Deficits)	<u>1,095,205</u>	<u>(128,893)</u>	<u>197,418</u>	<u>34,135</u>	<u>(39,246)</u>
Total Liabilities and Fund Balances	<u>\$ 1,101,595</u>	<u>\$ 148,727</u>	<u>\$ 210,582</u>	<u>\$ 64,700</u>	<u>\$ 487,215</u>

(Continued)

**CITY OF MONTEREY PARK**  
**Combining Balance Sheet - Nonmajor Governmental Funds, Continued**  
**June 30, 2016**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Safety Augmentation	Measure R	Library Tax	CERCLA Liability	
<u>Assets</u>					
Cash and investments	\$ -	\$ 1,454,996	\$ 43,816	\$ 583,680	\$ 9,872,206
Accounts receivable	119,512	-	7,840	-	185,740
Interest receivable	-	2,144	67	890	13,592
Total Assets	<u>\$ 119,512</u>	<u>\$ 1,457,140</u>	<u>\$ 51,723</u>	<u>\$ 584,570</u>	<u>\$ 10,071,538</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	\$ 58,496	\$ 886	\$ -	\$ 391,347
Accrued payroll	-	689	6,862	-	55,728
Due to other funds	119,512	-	-	-	151,106
Advance from other funds	-	-	-	-	741,556
Total Liabilities	<u>119,512</u>	<u>59,185</u>	<u>7,748</u>	<u>-</u>	<u>1,339,737</u>
Fund Balances (Deficits):					
Restricted	-	1,397,955	43,975	-	8,315,370
Committed	-	-	-	584,570	584,570
Unassigned	-	-	-	-	(168,139)
Total Fund Balances (Deficits)	<u>-</u>	<u>1,397,955</u>	<u>43,975</u>	<u>584,570</u>	<u>8,731,801</u>
Total Liabilities and Fund Balances	<u>\$ 119,512</u>	<u>\$ 1,457,140</u>	<u>\$ 51,723</u>	<u>\$ 584,570</u>	<u>\$ 10,071,538</u>

**CITY OF MONTEREY PARK**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	Special Revenue Funds				
	Proposition A	Gas Tax	Bike Route	Proposition C	Air Quality Improvement
Revenues:					
Taxes	\$ 1,224,251	\$ 1,337,650	\$ 135,640	\$ 926,711	\$ 77,817
Charges for services	111,714	-	-	-	-
Revenues from use of money and property	16,715	13,937	-	6,270	1,707
Fines and forfeitures	-	-	-	-	-
Total Revenues	<u>1,352,680</u>	<u>1,351,587</u>	<u>135,640</u>	<u>932,981</u>	<u>79,524</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Culture and recreation	11,017	-	-	-	-
Highways and streets	972,008	1,679,729	-	790,533	21,582
Capital outlay	166,732	100,000	135,640	87,653	70,552
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>1,149,757</u>	<u>1,779,729</u>	<u>135,640</u>	<u>878,186</u>	<u>92,134</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>202,923</u>	<u>(428,142)</u>	<u>-</u>	<u>54,795</u>	<u>(12,610)</u>
Other Financing Uses:					
Transfers out	-	-	-	-	-
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	202,923	(428,142)	-	54,795	(12,610)
Fund Balances (Deficits), Beginning of Year	<u>2,264,365</u>	<u>2,348,806</u>	<u>-</u>	<u>862,807</u>	<u>253,738</u>
Fund Balances (Deficits), End of Year	<u>\$ 2,467,288</u>	<u>\$ 1,920,664</u>	<u>\$ -</u>	<u>\$ 917,602</u>	<u>\$ 241,128</u>

**CITY OF MONTEREY PARK**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Nonmajor Governmental Funds, Continued**  
**For the Year Ended June 30, 2016**

	Special Revenue Funds				
	Asset Forfeiture	Park Facilities	Business Improvement Area #1	Maintenance District 93-1	Public Safety Impact Fee
Revenues:					
Taxes	\$ -	\$ -	\$ 67,303	\$ 970,994	\$ -
Charges for services	-	74,156	-	-	434,091
Revenues from use of money and property	6,377	-	-	-	-
Fines and forfeitures	660,410	-	1,356	-	-
<b>Total Revenues</b>	<b>666,787</b>	<b>74,156</b>	<b>68,659</b>	<b>970,994</b>	<b>434,091</b>
Expenditures:					
Current:					
Public safety	200,527	-	-	-	103,106
Community development	-	-	77,995	-	-
Culture and recreation	-	-	-	467,241	-
Highways and streets	-	-	-	600,644	-
Capital outlay	-	59,170	-	8,128	140,574
Debt service:					
Principal retirement	28,553	-	-	-	-
Interest and fiscal charges	37,151	-	-	-	-
<b>Total Expenditures</b>	<b>266,231</b>	<b>59,170</b>	<b>77,995</b>	<b>1,076,013</b>	<b>243,680</b>
Excess (Deficiency) of Revenues Over Expenditures	400,556	14,986	(9,336)	(105,019)	190,411
Other Financing Uses:					
Transfers out	-	-	-	-	-
<b>Total Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>400,556</b>	<b>14,986</b>	<b>(9,336)</b>	<b>(105,019)</b>	<b>190,411</b>
Fund Balances (Deficits), Beginning of Year	694,649	(143,879)	206,754	139,154	(229,657)
<b>Fund Balances (Deficits), End of Year</b>	<b>\$ 1,095,205</b>	<b>\$ (128,893)</b>	<b>\$ 197,418</b>	<b>\$ 34,135</b>	<b>\$ (39,246)</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, 2016**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Safety Augmentation	Measure R	Library Tax	CERCLA Liability	
Revenues:					
Taxes	\$ 663,701	\$ 694,123	\$ 501,071	\$ 131,246	\$ 6,730,507
Charges for services	-	-	-	-	619,961
Revenues from use of money and property	-	9,844	397	4,136	59,383
Fines and forfeitures	-	-	-	-	661,766
Total Revenues	<u>663,701</u>	<u>703,967</u>	<u>501,468</u>	<u>135,382</u>	<u>8,071,617</u>
Expenditures:					
Current:					
Public safety	663,701	-	202,958	-	1,170,292
Community development	-	-	-	-	77,995
Culture and recreation	-	-	-	-	478,258
Highways and streets	-	191,616	-	-	4,256,112
Capital outlay	-	706,972	-	-	1,475,421
Debt service:					
Principal retirement	-	-	345,433	-	373,986
Interest and fiscal charges	-	-	37,762	-	74,913
Total Expenditures	<u>663,701</u>	<u>898,588</u>	<u>586,153</u>	<u>-</u>	<u>7,906,977</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(194,621)</u>	<u>(84,685)</u>	<u>135,382</u>	<u>164,640</u>
Other Financing Uses:					
Transfers out	-	-	-	(250,000)	(250,000)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>(250,000)</u>
Net Changes in Fund Balances	-	(194,621)	(84,685)	(114,618)	(85,360)
Fund Balances (Deficits), Beginning of Year	<u>-</u>	<u>1,592,576</u>	<u>128,660</u>	<u>699,188</u>	<u>8,817,161</u>
Fund Balances (Deficits), End of Year	<u>\$ -</u>	<u>\$ 1,397,955</u>	<u>\$ 43,975</u>	<u>\$ 584,570</u>	<u>\$ 8,731,801</u>

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Proposition A Fund**  
**For the Year Ended June 30, 2016**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 1,229,547	\$ 1,224,251	\$ (5,296)
Charges for services	100,000	111,714	11,714
Revenues from use of money and property	7,000	16,715	9,715
Total Revenues	<u>1,336,547</u>	<u>1,352,680</u>	<u>16,133</u>
Expenditures:			
Current:			
Culture and recreation	12,075	11,017	1,058
Highways and streets	1,108,593	972,008	136,585
Capital outlay	200,421	166,732	33,689
Total Expenditures	<u>1,321,089</u>	<u>1,149,757</u>	<u>171,332</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 15,458</u>	202,923	<u>\$ 187,465</u>
Fund Balance, Beginning of Year		<u>2,264,365</u>	
Fund Balance, End of Year		<u>\$ 2,467,288</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Gas Tax Fund**  
**For the Year Ended June 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 1,750,128	\$ 1,337,650	\$ (412,478)
Revenues from use of money and property	<u>3,000</u>	<u>13,937</u>	<u>10,937</u>
Total Revenues	<u>1,753,128</u>	<u>1,351,587</u>	<u>(401,541)</u>
Expenditures:			
Current:			
Highways and streets	1,677,520	1,679,729	(2,209)
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Expenditures	<u>1,777,520</u>	<u>1,779,729</u>	<u>(2,209)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (24,392)</u>	<u>(428,142)</u>	<u>\$ (403,750)</u>
Fund Balance, Beginning of Year		<u>2,348,806</u>	
Fund Balance, End of Year		<u>\$ 1,920,664</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Bike Route Fund**  
**For the Year Ended June 30, 2016**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 101,000	\$ 135,640	\$ 34,640
Total Revenues	<u>101,000</u>	<u>135,640</u>	<u>34,640</u>
Expenditures:			
Capital outlay	<u>136,000</u>	<u>135,640</u>	<u>360</u>
Total Expenditures	<u>136,000</u>	<u>135,640</u>	<u>360</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (35,000)</u>	-	<u>\$ 35,000</u>
Fund Balance, Beginning of Year		<u>-</u>	
Fund Balance, End of Year		<u>\$ -</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Proposition C Fund**  
**For the Year Ended June 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 925,317	\$ 926,711	\$ 1,394
Revenues from use of money and property	<u>3,500</u>	<u>6,270</u>	<u>2,770</u>
Total Revenues	<u>928,817</u>	<u>932,981</u>	<u>4,164</u>
Expenditures:			
Current:			
Highways and streets	841,538	790,533	51,005
Capital outlay	<u>8,000</u>	<u>87,653</u>	<u>(79,653)</u>
Total Expenditures	<u>849,538</u>	<u>878,186</u>	<u>(28,648)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 79,279</u>	<u>54,795</u>	<u>\$ (24,484)</u>
Fund Balance, Beginning of Year		<u>862,807</u>	
Fund Balance, End of Year		<u>\$ 917,602</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Air Quality Improvement Fund**  
**For the Year Ended June 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 77,000	\$ 77,817	\$ 817
Revenues from use of money and property	750	1,707	957
Total Revenues	<u>77,750</u>	<u>79,524</u>	<u>1,774</u>
Expenditures:			
Current:			
Highways and streets	23,500	21,582	1,918
Capital outlay	<u>102,724</u>	<u>70,552</u>	<u>32,172</u>
Total Expenditures	<u>126,224</u>	<u>92,134</u>	<u>34,090</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (48,474)</u>	<u>(12,610)</u>	<u>\$ 35,864</u>
Fund Balance, Beginning of Year		<u>253,738</u>	
Fund Balance, End of Year		<u>\$ 241,128</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Asset Forfeiture Fund**  
**For the Year Ended June 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Revenues from use of money and property	\$ 2,100	\$ 6,377	\$ 4,277
Fines and forfeitures	215,000	660,410	445,410
Total Revenues	<u>217,100</u>	<u>666,787</u>	<u>449,687</u>
Expenditures:			
Current:			
Public safety	271,168	200,527	70,641
Capital outlay	340,500	-	340,500
Debt service:			
Principal retirement	28,553	28,553	-
Interest and fiscal charges	37,151	37,151	-
Total Expenditures	<u>677,372</u>	<u>266,231</u>	<u>411,141</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (460,272)</u>	400,556	<u>\$ 860,828</u>
Fund Balance, Beginning of Year		<u>694,649</u>	
Fund Balance, End of Year		<u>\$ 1,095,205</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Park Facilities Fund**  
**For the Year Ended June 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 300,000	\$ 74,156	\$ (225,844)
Total Revenues	<u>300,000</u>	<u>74,156</u>	<u>(225,844)</u>
Expenditures:			
Capital outlay	<u>355,100</u>	<u>59,170</u>	<u>295,930</u>
Total Expenditures	<u>355,100</u>	<u>59,170</u>	<u>295,930</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (55,100)</u>	14,986	<u>\$ 70,086</u>
Fund Balance (Deficit), Beginning of Year		<u>(143,879)</u>	
Fund Balance (Deficit), End of Year		<u>\$ (128,893)</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Business Improvement Area #1 Fund**  
**For the Year Ended June 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 62,200	\$ 67,303	\$ 5,103
Fines and forfeitures	900	1,356	456
Total Revenues	<u>63,100</u>	<u>68,659</u>	<u>5,559</u>
Expenditures:			
Current:			
Community development	190,246	77,995	112,251
Total Expenditures	<u>190,246</u>	<u>77,995</u>	<u>112,251</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (127,146)</u>	<u>(9,336)</u>	<u>\$ 117,810</u>
Fund Balance, Beginning of Year		<u>206,754</u>	
Fund Balance, End of Year		<u>\$ 197,418</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Maintenance District 93-1 Fund**  
**For the Year Ended June 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 976,520	\$ 970,994	\$ (5,526)
Total Revenues	<u>976,520</u>	<u>970,994</u>	<u>(5,526)</u>
Expenditures:			
Current:			
Culture and recreation	514,789	467,241	47,548
Highways and streets	636,962	600,644	36,318
Capital outlay	<u>-</u>	<u>8,128</u>	<u>(8,128)</u>
Total Expenditures	<u>1,151,751</u>	<u>1,076,013</u>	<u>75,738</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (175,231)</u>	<u>(105,019)</u>	<u>\$ 70,212</u>
Fund Balance, Beginning of Year		<u>139,154</u>	
Fund Balance, End of Year		<u>\$ 34,135</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Public Safety Impact Fee Fund**  
**For the Year Ended June 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 450,000	\$ 434,091	\$ (15,909)
Total Revenues	<u>450,000</u>	<u>434,091</u>	<u>(15,909)</u>
Expenditures:			
Current:			
Public safety	152,621	103,106	49,515
Capital outlay	<u>997,922</u>	<u>140,574</u>	<u>857,348</u>
Total Expenditures	<u>1,150,543</u>	<u>243,680</u>	<u>906,863</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (700,543)</u>	190,411	<u>\$ 890,954</u>
Fund Balance (Deficit), Beginning of Year		<u>(229,657)</u>	
Fund Balance (Deficit), End of Year		<u>\$ (39,246)</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Public Safety Augmentation Fund**  
**For the Year Ended June 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 650,000	\$ 663,701	\$ 13,701
Total Revenues	<u>650,000</u>	<u>663,701</u>	<u>13,701</u>
Expenditures:			
Current:			
Public safety	<u>650,000</u>	<u>663,701</u>	<u>(13,701)</u>
Total Expenditures	<u>650,000</u>	<u>663,701</u>	<u>(13,701)</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, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 693,996	\$ 694,123	\$ 127
Revenues from use of money and property	<u>4,600</u>	<u>9,844</u>	<u>5,244</u>
Total Revenues	<u>698,596</u>	<u>703,967</u>	<u>5,371</u>
Expenditures:			
Current:			
Highways and streets	193,189	191,616	1,573
Capital outlay	<u>1,284,425</u>	<u>706,972</u>	<u>577,453</u>
Total Expenditures	<u>1,477,614</u>	<u>898,588</u>	<u>579,026</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (779,018)</u>	<u>(194,621)</u>	<u>\$ 584,397</u>
Fund Balance, Beginning of Year		<u>1,592,576</u>	
Fund Balance, End of Year		<u>\$ 1,397,955</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue Library Tax Fund**  
**For the Year Ended June 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 504,500	\$ 501,071	\$ (3,429)
Revenues from use of money and property	350	397	47
Total Revenues	<u>504,850</u>	<u>501,468</u>	<u>(3,382)</u>
Expenditures:			
Current:			
Public safety	192,090	202,958	(10,868)
Debt service:			
Principal retirement	345,433	345,433	-
Interest and fiscal charges	<u>37,763</u>	<u>37,762</u>	<u>1</u>
Total Expenditures	<u>575,286</u>	<u>586,153</u>	<u>(10,867)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (70,436)</u>	<u>(84,685)</u>	<u>\$ (14,249)</u>
Fund Balance, Beginning of Year		<u>128,660</u>	
Fund Balance, End of Year		<u>\$ 43,975</u>	

**CITY OF MONTEREY PARK**  
**Budgetary Comparison Schedule**  
**Special Revenue CERCLA Liability Fund**  
**For the Year Ended June 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 124,000	\$ 131,246	\$ 7,246
Revenues from use of money and property	<u>3,000</u>	<u>4,136</u>	<u>1,136</u>
Total Revenues	<u>127,000</u>	<u>135,382</u>	<u>8,382</u>
Other Financing Uses:			
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (123,000)</u>	(114,618)	<u>\$ 8,382</u>
Fund Balance, Beginning of Year		<u>699,188</u>	
Fund Balance, End of Year		<u>\$ 584,570</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, 2016**

<u>Assets</u>	Water Operations Activity	Water Treatment Activity	Total
<b>Current Assets:</b>			
Cash and investments	\$ 8,060,002	\$ 15,298,336	\$ 23,358,338
Cash and investments with fiscal agent	514,518	-	514,518
Accounts receivable	1,832,978	375,369	2,208,347
<b>Total Current Assets</b>	<b>10,407,498</b>	<b>15,673,705</b>	<b>26,081,203</b>
<b>Noncurrent Assets:</b>			
Nondepreciable capital assets	4,521,856	-	4,521,856
Depreciable capital assets, net of accumulated depreciation	23,021,442	6,394,180	29,415,622
<b>Total Noncurrent Assets</b>	<b>27,543,298</b>	<b>6,394,180</b>	<b>33,937,478</b>
<b>Total Assets</b>	<b>37,950,796</b>	<b>22,067,885</b>	<b>60,018,681</b>
 <u>Deferred Outflow of Resources</u>			
Amounts related to pension plans	480,784	90,147	570,931
 <u>Liabilities</u>			
<b>Current Liabilities:</b>			
Accounts payable	1,885,751	174,125	2,059,876
Accrued payroll	96,287	32,651	128,938
Deposits and advances	419,901	-	419,901
Capital lease obligations - due within one year	818,485	370,000	1,188,485
Compensated absences payable - due within one year	40,386	15,232	55,618
<b>Total Current Liabilities</b>	<b>3,260,810</b>	<b>592,008</b>	<b>3,852,818</b>
<b>Noncurrent Liabilities:</b>			
Capital lease obligation	10,168,192	769,999	10,938,191
Compensated absences payable	363,479	137,083	500,561
OPEB obligations payable	628,769	116,400	745,169
Net pension liabilities	5,069,020	950,444	6,019,464
<b>Total Non Current Liabilities</b>	<b>16,229,460</b>	<b>1,973,926</b>	<b>18,203,386</b>
<b>Total Liabilities</b>	<b>19,490,270</b>	<b>2,565,934</b>	<b>22,056,204</b>
 <u>Deferred Inflow of Resources</u>			
Amounts related to pension plans	425,581	79,798	505,379
 <u>Net Position</u>			
Net investment in capital assets	16,556,621	5,254,181	21,810,802
Restricted for Siemens energy savings projects	514,518	-	514,518
Unrestricted	1,444,590	14,258,119	15,702,709
<b>Total Net Position</b>	<b>\$ 18,515,729</b>	<b>\$ 19,512,300</b>	<b>\$ 38,028,029</b>
Adjustment to reflect the consolidation of internal service funds activities to related enterprise activity	(832,557)	-	(832,557)
<b>Net Position Related to Water Utility Enterprise Activities</b>	<b>\$ 17,683,172</b>	<b>\$ 19,512,300</b>	<b>\$ 37,195,472</b>

**CITY OF MONTEREY PARK**  
**Water Utility Enterprise Fund**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2016**

	Water Operations Activity	Water Treatment Activity	Total
Operating Revenues:			
Charges for services	\$ 8,630,460	\$ 3,559,299	\$ 12,189,759
Meter installations	133,583	-	133,583
Other revenue	-	1,599,252	1,599,252
Total Operating Revenues	<u>8,764,043</u>	<u>5,158,551</u>	<u>13,922,594</u>
Operating Expenses:			
Administration	4,464,300	-	4,464,300
Commercial - water	729,200	-	729,200
Production - water	1,553,966	-	1,553,966
Distribution - water	1,151,225	-	1,151,225
Treatment plant operations	-	2,358,499	2,358,499
Depreciation	1,038,360	351,759	1,390,119
Total Operating Expenses	<u>8,937,051</u>	<u>2,710,258</u>	<u>11,647,309</u>
Operating Income (Loss)	<u>(173,008)</u>	<u>2,448,293</u>	<u>2,275,285</u>
Nonoperating Income (Loss):			
Interest income	657	-	657
Interest expense	(525,379)	-	(525,379)
Gain on sale of surplus property	1,170	-	1,170
Total Nonoperating Income (Loss)	<u>(523,552)</u>	<u>-</u>	<u>(523,552)</u>
Net Income (Loss) Before Capital Contributions	<u>(696,560)</u>	<u>2,448,293</u>	<u>1,751,733</u>
Capital Contributions	97,507	-	97,507
Total Capital Contributions	<u>97,507</u>	<u>-</u>	<u>97,507</u>
Changes in Net Position	(599,053)	2,448,293	1,849,240
Net Position, Beginning of Year	<u>19,114,782</u>	<u>17,064,007</u>	<u>36,178,789</u>
Net Position, End of Year	<u>\$ 18,515,729</u>	<u>\$ 19,512,300</u>	<u>\$ 38,028,029</u>
Changes in Net Position	\$ (599,053)	\$ 2,448,293	\$ 1,849,240
Adjustment to reflect consolidation of internal service fund activities to related enterprise activity	<u>(315,388)</u>	<u>-</u>	<u>(315,388)</u>
Changes in Net Position Related to Water Utility Enterprise Activities	<u>\$ (914,441)</u>	<u>\$ 2,448,293</u>	<u>\$ 1,533,852</u>

**CITY OF MONTEREY PARK**  
**Water Utility Enterprise Fund**  
**Combining Schedule of Cash Flows**  
**For the Year Ended June 30, 2016**

	Water Operations Activity	Water Treatment Activity	Total
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 8,632,566	\$ 4,783,182	\$ 13,415,748
Cash payments to suppliers for goods and services	(2,196,454)	(1,080,368)	(3,276,822)
Cash payments to employees for services	(5,174,964)	(1,154,526)	(6,329,490)
Net Cash Provided by Operating Activities	<u>1,261,148</u>	<u>2,548,288</u>	<u>3,809,436</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(8,846,476)	(16,873)	(8,863,349)
Capital contributions	97,507	-	97,507
Proceeds from sale of surplus assets	1,170	-	1,170
Principal paid on lease financing	(250,786)	(370,000)	(620,786)
Interest paid on lease financing	(525,379)	-	(525,379)
Net Cash Used in Capital and Related Financing Activities	<u>(9,523,964)</u>	<u>(386,873)</u>	<u>(9,910,837)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest income	657	-	657
Net Cash Provided by Investing Activities	<u>657</u>	<u>-</u>	<u>657</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(8,262,159)	2,161,415	(6,100,744)
Cash and Cash Equivalents, Beginning of Year	16,836,679	13,136,921	29,973,600
Cash and Cash Equivalents, End of Year	<u>\$ 8,574,520</u>	<u>\$ 15,298,336</u>	<u>\$ 23,872,856</u>
Cash and investments	\$ 8,060,002	\$ 15,298,336	\$ 23,358,338
Cash and investments with fiscal agent	514,518	-	514,518
Total Cash and Cash Equivalents	<u>\$ 8,574,520</u>	<u>\$ 15,298,336</u>	<u>\$ 23,872,856</u>
<b>Reconciliation of Operating Income (Loss) to Net</b>			
<b>Cash Provided by Operating Activities:</b>			
Operating income (loss)	\$ (173,008)	\$ 2,448,293	\$ 2,275,285
<b>Adjustments to Reconcile Operating Income (Loss) to</b>			
<b>Net Cash Provided by Operating Activities:</b>			
Depreciation	1,038,360	351,759	1,390,119
<b>Changes in assets and liabilities:</b>			
(Increase) decrease in accounts receivable	(40,391)	(375,369)	(415,760)
(Increase) decrease in deferred outflows of resources - pension plans	224,944	42,176	267,120
Increase (decrease) in accounts payable	842,162	(3,613)	838,549
Increase (decrease) in accrued payroll	15,726	15,832	31,558
Increase (decrease) in deposits and advances	6,421	-	6,421
Increase (decrease) in due to other funds	(99,129)	99,129	-
Increase (decrease) in compensated absences payable	8,069	70,440	78,509
Increase (decrease) in OPEB obligations payable	38,778	12,286	51,064
Increase (decrease) in net pension liabilities	189,547	35,541	225,088
Increase (decrease) in deferred inflows of resources - pension plans	(790,331)	(148,186)	(938,517)
Total Adjustments	<u>1,434,156</u>	<u>99,995</u>	<u>1,534,151</u>
Net Cash Provided by Operating Activities	<u>\$ 1,261,148</u>	<u>\$ 2,548,288</u>	<u>\$ 3,809,436</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, 2016**

<u>Assets</u>	<u>Separation Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
Current Assets:			
Cash and investments	\$ 3,527,631	\$ 3,260,216	\$ 3,162,427
Inventory	-	-	-
Total Current Assets	<u>3,527,631</u>	<u>3,260,216</u>	<u>3,162,427</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>3,527,631</u>	<u>3,260,216</u>	<u>3,162,427</u>
 <u>Liabilities</u>			
Current Liabilities:			
Accounts payable	-	56,453	5,874
Accrued payroll	39,598	1,784	721
Claims and judgments payable - due within one year	-	994,575	956,728
Compensated absences payable - due within one year	-	1,119	662
Total Current Liabilities	<u>39,598</u>	<u>1,053,931</u>	<u>963,985</u>
Noncurrent:			
Claims and judgments payable - due in more than one year	-	1,900,000	5,513,000
Compensated absences payable - due in more than one year	-	10,076	5,954
Total Noncurrent Liabilities	<u>-</u>	<u>1,910,076</u>	<u>5,518,954</u>
Total Liabilities	<u>39,598</u>	<u>2,964,007</u>	<u>6,482,939</u>
 <u>Net Position</u>			
Net investment in capital assets	-	-	-
Unrestricted	3,488,033	296,209	(3,320,512)
Total Net Position (Deficit)	<u>\$ 3,488,033</u>	<u>\$ 296,209</u>	<u>\$ (3,320,512)</u>

**CITY OF MONTEREY PARK**  
**Combining Schedule of Net Position - Internal Service Funds, Continued**  
**June 30, 2016**

<u>Assets</u>	<u>Shop</u>	<u>Technology</u>	<u>Total</u>
<b>Current Assets:</b>			
Cash and investments	\$ 2,075,242	\$ 1,018,552	\$ 13,044,068
Inventory	4,160	-	4,160
<b>Total Current Assets</b>	<b>2,079,402</b>	<b>1,018,552</b>	<b>13,048,228</b>
<b>Noncurrent Assets:</b>			
Nondepreciable capital assets	-	-	-
Depreciable capital assets, net of accumulated depreciation	834,904	223,982	1,058,886
<b>Total Capital Assets</b>	<b>834,904</b>	<b>223,982</b>	<b>1,058,886</b>
<b>Total Noncurrent Assets</b>	<b>834,904</b>	<b>223,982</b>	<b>1,058,886</b>
<b>Total Assets</b>	<b>2,914,306</b>	<b>1,242,534</b>	<b>14,107,114</b>
 <u>Liabilities</u>			
<b>Current Liabilities:</b>			
Accounts payable	179,055	4,345	245,727
Accrued payroll	14,166	-	56,269
Claims and judgments payable - due within one year	-	-	1,951,303
Compensated absences payable - due within one year	8,101	-	9,882
<b>Total Current Liabilities</b>	<b>201,322</b>	<b>4,345</b>	<b>2,263,181</b>
<b>Noncurrent:</b>			
Claims and judgments payable - due in more than one year	-	-	7,413,000
Compensated absences payable - due in more than one year	72,906	-	88,936
<b>Total Noncurrent Liabilities</b>	<b>72,906</b>	<b>-</b>	<b>7,501,936</b>
<b>Total Liabilities</b>	<b>274,228</b>	<b>4,345</b>	<b>9,765,117</b>
 <u>Net Position</u>			
Net investment in capital assets	834,904	223,982	1,058,886
Unrestricted	1,805,174	1,014,207	3,283,111
<b>Total Net Position (Deficit)</b>	<b>\$ 2,640,078</b>	<b>\$ 1,238,189</b>	<b>\$ 4,341,997</b>

**CITY OF MONTEREY PARK**  
**Combining Schedule of Revenues, Expenses and**  
**Changes in Net Position - Internal Service Funds**  
**For the Year Ended June 30, 2016**

	Separation Benefits	General Liability	Workers' Compensation
Operating Revenues:			
Charges for services	\$ 1,279,717	\$ 1,303,333	\$ 1,539,110
Other revenue	-	-	11,335
Total Operating Revenues	<u>1,279,717</u>	<u>1,303,333</u>	<u>1,550,445</u>
Operating Expenses:			
Salaries and benefits	1,036,313	60,559	1,724,770
Materials and supplies	-	-	-
Insurance and claims	-	1,973,050	24,392
Miscellaneous	-	-	-
Depreciation	-	-	-
Total Operating Expenses	<u>1,036,313</u>	<u>2,033,609</u>	<u>1,749,162</u>
Operating Income (Loss)	<u>243,404</u>	<u>(730,276)</u>	<u>(198,717)</u>
Nonoperating Income:			
Gain on sale of surplus property	-	-	-
Total Nonoperating Income	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers in	-	750,000	-
Transfers out	(500,000)	-	-
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>750,000</u>	<u>-</u>
Changes in Net Position	(256,596)	19,724	(198,717)
Net Position (Deficit), Beginning of Year	<u>3,744,629</u>	<u>276,485</u>	<u>(3,121,795)</u>
Net Position (Deficit), End of Year	<u>\$ 3,488,033</u>	<u>\$ 296,209</u>	<u>\$ (3,320,512)</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, 2016**

	<u>Shop</u>	<u>Technology</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 1,799,903	\$ 171,250	\$ 6,093,313
Other revenue	-	-	11,335
Total Operating Revenues	<u>1,799,903</u>	<u>171,250</u>	<u>6,104,648</u>
Operating Expenses:			
Salaries and benefits	501,211	-	3,322,853
Materials and supplies	805,360	-	805,360
Insurance and claims	-	-	1,997,442
Miscellaneous	233,747	96,727	330,474
Depreciation	203,261	13,750	217,011
Total Operating Expenses	<u>1,743,579</u>	<u>110,477</u>	<u>6,673,140</u>
Operating Income (Loss)	<u>56,324</u>	<u>60,773</u>	<u>(568,492)</u>
Nonoperating Income:			
Gain on sale of surplus property	3,947	-	3,947
Total Nonoperating Income	<u>3,947</u>	<u>-</u>	<u>3,947</u>
Other Financing Sources (Uses):			
Transfers in	-	-	750,000
Transfers out	-	-	(500,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>250,000</u>
Changes in Net Position	60,271	60,773	(314,545)
Net Position (Deficit), Beginning of Year	<u>2,579,807</u>	<u>1,177,416</u>	<u>4,656,542</u>
Net Position (Deficit), End of Year	<u>\$ 2,640,078</u>	<u>\$ 1,238,189</u>	<u>\$ 4,341,997</u>

**CITY OF MONTEREY PARK**  
**Combining Schedule of Cash Flows - Internal Service Funds**  
**For the Year Ended June 30, 2016**

	Separation Benefits	General Liability	Workers' Compensation
Cash Flows from Operating Activities:			
Cash receipts from interfund services provided	\$ 1,279,717	\$ 1,303,333	\$ -
Cash payments to suppliers for goods and services	-	-	-
Cash payments to employees for services	(1,047,698)	63,366	1,725,787
Cash payments for insurance premiums and self-insurance claims	-	(1,727,292)	(1,776,200)
Net Cash Provided by (Used in) Operating Activities	232,019	(360,593)	(50,413)
Cash Flows from Noncapital and Related Financing Activities:			
Cash received from other funds	-	750,000	-
Cash paid to other funds	(500,000)	-	-
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	(500,000)	750,000	-
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	-	-
Proceeds from sale of surplus assets	-	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(267,981)	389,407	(50,413)
Cash and Cash Equivalents, Beginning of Year	3,795,612	2,870,809	3,212,840
Cash and Cash Equivalents, End of Year	\$ 3,527,631	\$ 3,260,216	\$ 3,162,427
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 243,404	\$ (730,276)	\$ (198,717)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	-	-	-
Loss on disposal of property and equipment	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in inventory	-	-	-
Increase (decrease) in accounts payable	-	36,478	(45,271)
Increase (decrease) in accrued payroll	(11,385)	333	116
Increase (decrease) in claims and judgments payable	-	330,400	192,560
Increase (decrease) in compensated absences payable	-	2,472	899
Total Adjustments	(11,385)	369,683	148,304
Net Cash Provided by Operating Activities	\$ 232,019	\$ (360,593)	\$ (50,413)

**CITY OF MONTEREY PARK**  
**Combining Schedule of Cash Flows - Internal Service Funds, Continued**  
**For the Year Ended June 30, 2016**

	<u>Shop</u>	<u>Technology</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash receipts from interfund services provided	\$ 1,799,903	\$ 171,250	\$ 4,554,203
Cash payments to suppliers for goods and services	(2,007,413)	(93,572)	(2,100,985)
Cash payments to employees for services	512,507	-	1,253,962
Cash payments for insurance premiums and self-insurance claims	-	-	(3,503,492)
Net Cash Provided by (Used in) Operating Activities	<u>304,997</u>	<u>77,678</u>	<u>203,688</u>
Cash Flows from Capital and Related Financing Activities:			
Cash received from other funds	-	-	750,000
Cash paid to other funds	-	-	(500,000)
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>250,000</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(51,181)	(51,181)
Proceeds from sale of surplus assets	3,947	-	3,947
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>3,947</u>	<u>(51,181)</u>	<u>(47,234)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	308,944	26,497	406,454
Cash and Cash Equivalents, Beginning of Year	<u>1,766,298</u>	<u>992,055</u>	<u>12,637,614</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,075,242</u>	<u>\$ 1,018,552</u>	<u>\$ 13,044,068</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	<u>\$ 56,324</u>	<u>\$ 60,773</u>	<u>\$ (568,492)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	203,261	13,750	217,011
Loss on disposal of property and equipment	(64,994)	-	(64,994)
Changes in assets and liabilities:			
(Increase) decrease in inventory	1,468	-	1,468
Increase (decrease) in accounts payable	97,644	3,155	92,006
Increase (decrease) in accrued payroll	2,175	-	(8,761)
Increase (decrease) in claims and judgments payable	-	-	522,960
Increase (decrease) in compensated absences payable	9,119	-	12,490
Total Adjustments	<u>248,673</u>	<u>16,905</u>	<u>772,180</u>
Net Cash Provided by Operating Activities	<u>\$ 304,997</u>	<u>\$ 77,678</u>	<u>\$ 203,688</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, 2016**

<u>Assets</u>	Deposits Fund	Construction Agency Fund	Totals
Cash and investments	\$ 2,422,979	\$ 94,846	\$ 2,517,825
Total Assets	\$ 2,422,979	\$ 94,846	\$ 2,517,825
<u>Liabilities</u>			
Accounts payable	\$ 92,535	\$ 45,175	\$ 137,710
Deposits payable	2,330,444	49,671	2,380,115
Total Liabilities	\$ 2,422,979	\$ 94,846	\$ 2,517,825

**CITY OF MONTEREY PARK**  
**Combining Schedule of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the Year Ended June 30, 2016**

<u>Deposits Fund</u>	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Assets:				
Cash and investments	\$ 2,231,497	\$ 908,419	\$ (716,937)	\$ 2,422,979
Liabilities:				
Accounts payable	\$ 26,935	\$ 92,535	\$ (26,935)	\$ 92,535
Deposits payable	2,204,562	815,884	(690,002)	2,330,444
Total Liabilities	<u>\$ 2,231,497</u>	<u>\$ 908,419</u>	<u>\$ (716,937)</u>	<u>\$ 2,422,979</u>
 <u>Construction Agency Fund</u>				
Assets:				
Cash and investments	\$ 6,028	\$ 155,656	\$ (66,838)	\$ 94,846
Liabilities:				
Accounts payable	\$ 5,980	\$ 45,175	\$ (5,980)	\$ 45,175
Deposits payable	48	110,481	(60,858)	49,671
Total Liabilities	<u>\$ 6,028</u>	<u>\$ 155,656</u>	<u>\$ (66,838)</u>	<u>\$ 94,846</u>
 <u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 2,237,525	\$ 1,064,075	\$ (783,775)	\$ 2,517,825
Liabilities:				
Accounts payable	\$ 32,915	\$ 137,710	\$ (32,915)	\$ 137,710
Deposits payable	2,204,610	926,365	(750,860)	2,380,115
Total Liabilities	<u>\$ 2,237,525</u>	<u>\$ 1,064,075</u>	<u>\$ (783,775)</u>	<u>\$ 2,517,825</u>

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

	Fiscal Year				
	2006/07	2007/08	2008/09	2009/10	2010/11
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 41,243,683	\$ 42,188,514	\$ 40,863,652	\$ 44,779,820	\$ 42,184,114
Restricted	41,256,879	50,363,018	57,279,208	54,638,570	29,449,081
Unrestricted	<u>(28,542,889)</u>	<u>(29,746,073)</u>	<u>(37,034,912)</u>	<u>(43,282,599)</u>	<u>(21,658,335)</u>
Total governmental activities net position	<u>\$ 53,957,673</u>	<u>\$ 62,805,459</u>	<u>\$ 61,107,948</u>	<u>\$ 56,135,791</u>	<u>\$ 49,974,860</u>
<b>Business-Type Activities:</b>					
Net investment in capital assets	\$ 20,202,373	\$ 19,228,082	\$ 17,370,937	\$ 17,254,986	\$ 19,372,272
Restricted	-	-	-	-	-
Unrestricted	<u>2,704,071</u>	<u>5,798,733</u>	<u>9,077,541</u>	<u>10,911,685</u>	<u>17,752,724</u>
Total business-type activities net position	<u>\$ 22,906,444</u>	<u>\$ 25,026,815</u>	<u>\$ 26,448,478</u>	<u>\$ 28,166,671</u>	<u>\$ 37,124,996</u>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 61,446,056	\$ 61,416,596	\$ 58,234,589	\$ 62,034,806	\$ 61,556,386
Restricted	41,256,879	50,363,018	57,279,208	54,638,570	29,449,081
Unrestricted	<u>(25,838,818)</u>	<u>(23,947,340)</u>	<u>(27,957,371)</u>	<u>(32,370,914)</u>	<u>(3,905,611)</u>
Total primary government net position	<u>\$ 76,864,117</u>	<u>\$ 87,832,274</u>	<u>\$ 87,556,426</u>	<u>\$ 84,302,462</u>	<u>\$ 87,099,856</u>

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

	Fiscal Year				
	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 47,380,971	\$ 50,018,559	\$ 50,805,697	\$ 46,057,423	\$ 47,995,422
Restricted	26,824,487	20,629,264	18,330,529	20,198,282	22,221,698
Unrestricted	<u>6,298,370</u>	<u>9,341,223</u>	<u>11,318,896</u>	<u>(79,297,776)</u>	<u>(68,990,541)</u>
Total governmental activities net position	<u>\$ 80,503,828</u>	<u>\$ 79,989,046</u>	<u>\$ 80,455,122</u>	<u>\$ (13,042,071)</u>	<u>\$ 1,226,579</u>
<b>Business-Type Activities:</b>					
Net investment in capital assets	\$ 20,439,644	\$ 20,381,489	\$ 20,020,776	\$ 15,083,212	\$ 23,132,584
Restricted	-	-	-	-	514,518
Unrestricted	<u>19,943,174</u>	<u>25,700,563</u>	<u>26,197,066</u>	<u>24,186,095</u>	<u>18,629,778</u>
Total business-type activities net position	<u>\$ 40,382,818</u>	<u>\$ 46,082,052</u>	<u>\$ 46,217,842</u>	<u>\$ 39,269,307</u>	<u>\$ 42,276,880</u>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 67,820,615	\$ 70,400,048	\$ 70,826,473	\$ 61,140,635	\$ 71,128,006
Restricted	26,824,487	20,629,264	18,330,529	20,198,282	22,736,216
Unrestricted	<u>26,241,544</u>	<u>35,041,786</u>	<u>37,515,962</u>	<u>(55,111,681)</u>	<u>(50,360,763)</u>
Total primary government net position	<u>\$ 120,886,646</u>	<u>\$ 126,071,098</u>	<u>\$ 126,672,964</u>	<u>\$ 26,227,236</u>	<u>\$ 43,503,459</u>

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

	Fiscal Year				
	2006/07	2007/08	2008/09	2009/10	2010/11
<b>Expenses:</b>					
Governmental activities:					
General government	\$ 5,740,916	\$ 4,338,308	\$ 3,879,270	\$ 3,393,846	\$ 3,497,432
Public safety	23,991,371	25,259,657	28,781,812	29,652,341	27,575,013
Community development	9,550,291	8,388,572	11,507,775	13,427,547	11,027,820
Culture and recreation	5,776,367	6,914,716	7,411,985	7,009,277	6,685,623
Highway and streets	6,550,763	5,184,431	5,812,714	5,981,608	5,209,925
Health	141,672	70,590	98,918	88,940	120,000
Interest and fiscal charges	3,211,151	3,040,769	2,975,762	2,909,194	2,785,485
	<u>54,962,531</u>	<u>53,197,043</u>	<u>60,468,236</u>	<u>62,462,753</u>	<u>56,901,298</u>
Business-type activities:					
Water	10,253,822	9,549,450	9,724,233	9,506,799	10,907,990
Refuse	5,208,786	5,465,893	5,676,667	5,793,221	5,812,305
Sewer	224,847	193,391	229,524	181,271	310,115
	<u>15,687,455</u>	<u>15,208,734</u>	<u>15,630,424</u>	<u>15,481,291</u>	<u>17,030,410</u>
Total primary government expenses	<u>70,649,986</u>	<u>68,405,777</u>	<u>76,098,660</u>	<u>77,944,044</u>	<u>73,931,708</u>
<b>Program revenues:</b>					
Governmental activities:					
Charges for services:					
General government	1,469,072	765,334	766,402	640,487	626,842
Public safety	3,521,884	4,961,930	5,058,340	3,292,950	3,186,391
Community development	1,840,229	3,960,929	2,410,056	2,250,642	1,567,774
Culture and recreation	766,051	801,478	818,438	816,852	770,602
Highway and Streets	1,422,080	1,569,903	1,421,473	1,400,245	1,360,611
Health	-	-	-	-	-
Operating grants and contributions	6,794,692	4,472,472	5,402,260	5,394,275	4,952,726
Capital grants and contributions	2,055,895	1,620,031	546,077	2,929,631	1,646,048
Total government activities program revenues	<u>17,869,903</u>	<u>18,152,077</u>	<u>16,423,046</u>	<u>16,725,082</u>	<u>14,110,994</u>
Business-type activities:					
Charges for services:					
Water	10,729,127	10,523,615	10,498,868	9,740,486	10,533,780
Refuse	5,498,006	5,773,306	5,949,179	5,796,888	5,980,597
Sewer	294,888	293,650	294,574	269,338	271,984
Operating grants and contributions	-	-	-	336,862	225,000
Capital grants and contributions	287,506	444,903	-	80,322	74,414
	<u>16,809,527</u>	<u>17,035,474</u>	<u>16,742,621</u>	<u>16,223,896</u>	<u>17,085,775</u>
Total primary government revenues	<u>\$ 34,679,430</u>	<u>\$ 35,187,551</u>	<u>\$ 33,165,667</u>	<u>\$ 32,948,978</u>	<u>\$ 31,196,769</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)**

	<b>Fiscal Year</b>				
	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>
<b>Expenses:</b>					
Governmental activities:					
General government	\$ 4,405,489	\$ 6,522,107	\$ 4,050,482	\$ 4,610,081	\$ 3,771,179
Public safety	27,764,258	26,233,074	27,352,152	26,907,556	27,479,974
Community development	5,673,116	8,521,044	2,343,881	7,049,958	2,456,567
Culture and recreation	6,378,055	5,909,468	6,277,461	8,665,230	7,151,089
Highway and streets	4,886,331	5,380,336	6,434,924	5,512,170	6,223,450
Health	120,000	119,999	120,000	488,697	116,629
Interest and fiscal charges	2,128,198	1,275,063	1,207,716	1,269,034	990,315
Total governmental activities expenses	<u>51,355,447</u>	<u>53,961,091</u>	<u>47,786,616</u>	<u>54,502,726</u>	<u>48,189,203</u>
Business-type activities:					
Water	11,542,663	10,706,980	11,775,078	12,906,852	11,962,698
Refuse	5,944,116	6,040,457	6,985,344	6,657,089	7,562,168
Sewer	331,683	238,551	221,078	522,245	1,117,677
Total business-type activities expenses	<u>17,818,462</u>	<u>16,985,988</u>	<u>18,981,500</u>	<u>20,086,186</u>	<u>20,642,543</u>
Total primary government expenses	<u>69,173,909</u>	<u>70,947,079</u>	<u>66,768,116</u>	<u>74,588,912</u>	<u>68,831,746</u>
<b>Program revenues:</b>					
Governmental activities:					
Charges for services:					
General government	627,769	909,328	907,537	1,005,102	1,157,100
Public safety	2,926,775	3,037,155	3,076,644	2,956,084	3,766,713
Community development	1,608,072	1,541,110	1,442,835	2,023,271	2,607,075
Culture and recreation	692,083	738,884	690,289	1,320,369	1,389,483
Highway and Streets	369,180	451,744	400,382	1,462,323	1,403,282
Health	-	-	-	-	-
Operating grants and contributions	4,667,552	5,258,202	1,516,481	7,963,721	7,953,884
Capital grants and contributions	3,725,194	1,988,468	627,628	557,625	502,276
Total government activities program revenues	<u>14,616,625</u>	<u>13,924,891</u>	<u>8,661,796</u>	<u>17,288,495</u>	<u>18,779,813</u>
Business-type activities:					
Charges for services:					
Water	12,853,684	13,302,811	10,747,045	11,452,592	12,323,342
Refuse	6,001,641	5,832,841	6,028,436	6,371,405	6,954,603
Sewer	273,496	273,556	287,548	1,714,098	2,673,585
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	91,894	41,834	169,783	98,776	97,507
Total business-type activities revenues	<u>19,220,715</u>	<u>19,451,042</u>	<u>17,232,812</u>	<u>19,636,871</u>	<u>22,049,037</u>
Total primary government revenues	<u>\$ 33,837,340</u>	<u>\$ 33,375,933</u>	<u>\$ 25,894,608</u>	<u>\$ 36,925,366</u>	<u>\$ 40,828,850</u>

Source: City of Monterey Park Management Services Department

(Continued)

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

	Fiscal Year				
	2006/07	2007/08	2008/09	2009/10	2010/11
<b>Net (expense)/revenue:</b>					
Governmental activities:	\$ (37,092,628)	\$ (35,044,966)	\$ (44,045,190)	\$ (45,737,671)	\$ (42,790,304)
Business-type activities:	1,122,072	1,826,740	1,112,197	742,605	55,365
Total primary government revenues	<u>\$ (35,970,556)</u>	<u>\$ (33,218,226)</u>	<u>\$ (42,932,993)</u>	<u>\$ (44,995,066)</u>	<u>\$ (42,734,939)</u>
<b>General revenues and other</b>					
<b>Changes in net position:</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 23,059,597	\$ 25,506,057	\$ 26,741,260	\$ 27,059,553	\$ 27,331,232
Sales tax	5,620,979	5,407,689	4,546,028	4,100,798	4,803,406
Vehicle in-lieu tax	429,693	275,591	185,693	191,604	345,406
Utility users tax	3,330,631	3,417,647	3,516,748	3,349,907	3,219,600
Utility franchise tax	1,073,341	1,043,237	1,087,602	934,505	967,322
Business license tax	996,629	1,028,436	963,068	925,037	944,837
Transient occupancy tax	783,505	908,694	785,331	660,897	756,873
Other taxes	1,607,587	1,763,576	1,557,516	1,263,874	1,837,784
Revenues from use of money and property	3,797,283	3,540,097	2,145,238	1,021,730	891,671
Other	450,990	332,056	219,979	917,403	249,075
Gain/(Loss) on sale of property	-	-	(3,346)	(29,528)	6,627
Transfers	250,000	262,000	265,000	278,000	281,400
Total general revenues and transfers	<u>41,400,235</u>	<u>43,485,080</u>	<u>42,010,117</u>	<u>40,673,780</u>	<u>41,635,233</u>
Extraordinary Item	-	-	-	-	-
Business-type activities:					
Other	593,713	963,303	537,971	1,345,322	4,168,640
Gain/(Loss) on sale of property					9,865
Transfers	(250,000)	(262,000)	(265,000)	(278,000)	(281,400)
Total business-type activities	<u>343,713</u>	<u>701,303</u>	<u>272,971</u>	<u>1,067,322</u>	<u>3,897,105</u>
Total primary government	<u>41,743,948</u>	<u>44,186,383</u>	<u>42,283,088</u>	<u>41,741,102</u>	<u>45,532,338</u>
Changes in net position:					
Governmental activities	4,307,607	8,440,114	(2,035,073)	(5,063,891)	(1,155,071)
Business-type activities	1,465,785	2,528,043	1,385,168	1,809,927	3,952,470
Total primary government	<u>\$ 5,773,392</u>	<u>\$ 10,968,157</u>	<u>\$ (649,905)</u>	<u>\$ (3,253,964)</u>	<u>\$ 2,797,399</u>

Source: City of Monterey Park Management Services Department

(Continued)

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

	Fiscal Year				
	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
<b>Net (expense)/revenue:</b>					
Governmental activities:	\$ (36,738,822)	\$ (40,036,200)	\$ (39,124,820)	\$ (37,214,231)	\$ (29,409,390)
Business-type activities:	1,402,253	2,465,054	(1,748,688)	(449,315)	1,406,494
Total primary government revenues	<u>\$ (35,336,569)</u>	<u>\$ (37,571,146)</u>	<u>\$ (40,873,508)</u>	<u>\$ (37,663,546)</u>	<u>\$ (28,002,896)</u>
<b>General revenues and other</b>					
<b>Changes in net assets:</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 24,537,300	\$ 24,066,354	\$ 19,794,165	\$ 22,600,233	\$ 22,235,616
Sales tax	5,057,132	5,437,244	4,942,821	5,245,208	6,427,211
Vehicle in-lieu tax	32,170	33,334	27,588	26,649	25,041
Utility users tax	3,092,796	3,041,163	3,202,264	3,257,450	3,212,890
Utility franchise tax	942,985	942,736	970,212	1,028,025	992,615
Business license tax	945,367	941,005	974,816	1,340,197	1,052,086
Transient occupancy tax	876,482	957,024	1,049,070	1,158,767	1,248,578
Other taxes	1,868,862	2,760,446	7,282,605	346,203	285,845
Revenues from use of money and property	776,649	827,781	872,174	929,648	1,155,649
Other	685,026	499,923	731,679	1,153,382	1,403,883
Gain/(Loss) on sale of property	1,842,182	14,408	-	-	-
Transfers	350,000	-	18,000	-	-
Total general revenues and transfers	<u>41,006,951</u>	<u>39,521,418</u>	<u>39,865,394</u>	<u>37,085,762</u>	<u>38,039,414</u>
Extraordinary item	<u>26,752,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,638,626</u>
Business-type activities:					
Other	2,205,569	3,230,138	1,897,638	2,192	1,601,079
Gain/(Loss) on sale of property	-	4,042	4,840	1,258,626	-
Transfers	(350,000)	-	(18,000)	18,485	-
Total business-type activities	<u>1,855,569</u>	<u>3,234,180</u>	<u>1,884,478</u>	<u>1,279,303</u>	<u>1,601,079</u>
Total primary government	<u>42,862,520</u>	<u>42,755,598</u>	<u>41,749,872</u>	<u>38,365,065</u>	<u>39,640,493</u>
<b>Changes in net position</b>					
Governmental activities	31,020,568	(514,782)	740,574	(128,469)	14,268,650
Business-type activities	3,257,822	5,699,234	135,790	829,988	3,007,573
Total primary government	<u>\$ 34,278,390</u>	<u>\$ 5,184,452</u>	<u>\$ 876,364</u>	<u>\$ 701,519</u>	<u>\$ 17,276,223</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				
	2006/07	2007/08	2008/09	2009/10	2010/11
<b>General Fund:</b>					
Nonspendable	\$ 3,159,557	\$ 2,076,039	\$ 1,429,902	\$ 695,930	\$ 710,330
Restricted	-	-	-	-	-
Committed	1,435,443	4,318,961	5,115,098	5,340,000	5,340,000
Assigned	5,306,462	5,356,963	5,307,662	5,207,133	4,589,465
Unassigned	<u>6,171,922</u>	<u>6,697,819</u>	<u>5,246,912</u>	<u>2,519,641</u>	<u>2,505,441</u>
Total general fund	<u>\$ 16,073,384</u>	<u>\$ 18,449,782</u>	<u>\$ 17,099,574</u>	<u>\$ 13,762,704</u>	<u>\$ 13,145,236</u>
<b>All other governmental funds:</b>					
Nonspendable	\$ 8,523,237	\$ 14,599,871	\$ 17,415,373	\$ 22,447,581	\$ 22,336,060
Restricted	21,663,489	25,986,245	28,018,812	21,025,370	29,449,081
Committed	4,375,578	5,577,800	3,354,156	2,524,270	3,524,270
Assigned	20,373,844	16,195,751	19,418,934	17,344,673	10,523,233
Unassigned	-	-	-	-	(105,492)
Total all other governmental funds	<u>\$ 54,936,148</u>	<u>\$ 62,359,667</u>	<u>\$ 68,207,275</u>	<u>\$ 63,341,894</u>	<u>\$ 65,727,152</u>
<b>Total for Governmental Funds:</b>	<u>\$ 71,009,532</u>	<u>\$ 80,809,449</u>	<u>\$ 85,306,849</u>	<u>\$ 77,104,598</u>	<u>\$ 78,872,388</u>

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

	Fiscal Year				
	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
<b>General Fund:</b>					
Nonspendable	\$ 703,230	\$ -	\$ -	\$ 741,556	\$ 741,556
Restricted	-	-	-	-	78,799
Committed	7,173,519	7,173,519	7,173,519	7,173,519	10,979,027
Assigned	5,145,940	9,653,901	9,321,463	10,095,120	12,052,503
Unassigned	<u>2,505,441</u>	<u>3,554,425</u>	<u>3,554,425</u>	<u>3,556,499</u>	<u>4,554,426</u>
Total general fund	<u>\$ 15,528,130</u>	<u>\$ 20,381,845</u>	<u>\$ 20,049,407</u>	<u>\$ 21,566,694</u>	<u>\$ 28,406,311</u>
<b>All other governmental funds:</b>					
Nonspendable	-	\$ 1,989,686	\$ 1,989,686	\$ 1,921,015	\$ -
Restricted	\$ 26,824,487	18,684,533	17,449,555	19,872,630	21,597,574
Committed	-	-	1,496,211	699,188	584,570
Assigned	-	-	-	-	-
Unassigned	<u>(153,120)</u>	<u>-</u>	<u>-</u>	<u>(931,973)</u>	<u>(168,139)</u>
Total all other governmental funds	<u>\$ 26,671,367</u>	<u>\$ 20,674,219</u>	<u>\$ 20,935,452</u>	<u>\$ 21,560,860</u>	<u>\$ 22,014,005</u>
<b>Total for Governmental Funds:</b>	<u>\$ 42,199,497</u>	<u>\$ 41,056,064</u>	<u>\$ 40,984,859</u>	<u>\$ 43,127,554</u>	<u>\$ 50,420,316</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				
	2006/07	2007/08	2008/09	2009/10	2010/11
<b>Revenues:</b>					
Taxes	\$ 37,981,560	\$ 40,432,674	\$ 40,316,886	\$ 38,619,421	\$ 42,568,610
Licenses and permits	2,151,806	2,929,898	2,797,953	2,419,414	1,661,496
Intergovernmental revenues	6,311,434	4,185,040	5,036,290	6,318,925	4,262,737
Charges for services	12,243,396	13,878,802	13,125,471	11,584,210	4,554,131
Revenues from use of money & property	3,786,117	3,540,095	2,137,057	939,476	767,652
Fines and forfeitures	1,484,320	2,347,916	1,687,318	1,393,098	1,272,417
Other	441,725	332,155	304,985	996,867	376,314
Total revenues	<u>64,400,358</u>	<u>67,646,580</u>	<u>65,405,960</u>	<u>62,271,411</u>	<u>55,463,357</u>
<b>Expenditures</b>					
Current:					
General government	4,175,114	3,543,528	3,585,033	3,633,847	3,771,085
Public safety	22,882,590	24,843,834	25,873,335	26,459,263	25,692,272
Community development	6,954,496	5,990,947	8,085,618	11,424,004	10,826,979
Culture and recreation	5,449,379	5,953,354	6,151,628	5,870,577	5,561,337
Highways and streets	4,372,836	4,602,434	4,688,134	4,721,343	4,434,810
Health	5,523,633	5,749,284	6,026,191	6,094,492	120,000
Capital outlay	9,164,797	5,189,775	5,385,481	9,045,208	8,114,199
Debt service:					
Principal retirement	1,776,129	1,753,079	1,677,419	2,229,221	2,284,269
Interest and fiscal charges	3,148,785	2,979,373	2,916,198	2,853,313	2,731,427
Total expenditures	<u>63,447,759</u>	<u>60,605,608</u>	<u>64,389,037</u>	<u>72,331,268</u>	<u>63,536,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>952,599</u>	<u>7,040,972</u>	<u>1,016,923</u>	<u>(10,059,857)</u>	<u>(8,073,021)</u>
<b>Other financing sources (uses):</b>					
Transfers in	6,059,430	5,801,280	6,501,942	5,344,657	13,451,752
Transfers out	(6,009,430)	(6,039,280)	(6,236,942)	(5,066,657)	(13,170,352)
(Loss) on sale of property	(510,178)	-	-	-	-
Proceeds from sale of property	-	1,337	1,345	599,751	6,627
Proceeds from tax increment deferred	-	2,995,608	3,214,132	3,705,856	3,775,724
Proceeds from section 108 loan	2,587,736	-	-	-	-
Issue of long term debt	1,800,000	-	-	-	-
Total other financing Sources (uses)	<u>3,927,558</u>	<u>2,758,945</u>	<u>3,480,477</u>	<u>4,583,607</u>	<u>4,063,751</u>
Net change in fund balances before Extraordinary Item	4,880,157	9,799,917	4,497,400	(5,476,250)	(4,009,270)
Extraordinary Item	-	-	-	-	-
Net change in fund balances	<u>\$ 4,880,157</u>	<u>\$ 9,799,917</u>	<u>\$ 4,497,400</u>	<u>\$ (5,476,250)</u>	<u>\$ (4,009,270)</u>
Debt services as a percentage of noncapital expenditures	9.07%	8.54%	7.79%	8.03%	9.05%

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

Source: City of Monterey Park Management Services Department

(Continued)

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

	Fiscal Year				
	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Revenues:</b>					
Taxes	\$ 37,442,373	\$ 41,087,434	\$ 38,059,146	\$ 41,748,001	\$ 41,158,303
Licenses and permits	1,856,887	967,662	848,949	775,135	2,428,895
Intergovernmental revenues	6,006,714	4,693,489	2,035,035	3,072,957	3,203,752
Charges for services	4,360,368	4,981,641	4,922,983	5,521,035	6,110,829
Revenues from use of money & property	744,346	822,143	943,369	919,998	1,207,629
Fines and forfeitures	952,992	822,779	931,718	1,043,704	1,295,647
Other	720,230	1,374,275	767,790	1,180,868	1,414,172
Total revenues	<u>52,083,910</u>	<u>54,749,423</u>	<u>48,508,990</u>	<u>54,261,698</u>	<u>56,819,227</u>
<b>Expenditures</b>					
Current:					
General government	3,621,179	4,454,906	3,859,127	4,609,650	5,744,019
Public safety	25,681,372	25,080,613	25,647,992	27,076,488	28,396,653
Community development	5,633,982	7,808,273	2,345,099	3,015,194	2,261,895
Culture and recreation	5,577,207	5,677,937	5,587,721	6,738,804	6,464,589
Highways and streets	4,207,740	4,362,120	5,672,512	4,938,939	5,103,275
Health	120,000	119,999	120,000	488,697	-
Capital outlay	8,114,199	5,928,361	2,957,442	4,855,050	4,594,721
Debt service:					
Principal retirement	2,020,927	1,204,215	1,229,166	1,255,802	1,291,263
Interest and fiscal charges	1,990,861	1,270,840	1,217,331	1,279,276	1,058,676
Total expenditures	<u>56,967,467</u>	<u>55,907,264</u>	<u>48,636,390</u>	<u>54,257,900</u>	<u>54,915,091</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,883,557)</u>	<u>(1,157,841)</u>	<u>(127,400)</u>	<u>3,798</u>	<u>1,904,136</u>
<b>Other financing sources (uses):</b>					
Transfers in	776,146	9,466	943,350	1,380,000	2,327,332
Transfers out	(426,146)	(9,466)	(903,905)	(1,380,000)	(2,577,332)
(Loss) on sale of property	-	-	-	-	-
Proceeds from sale of property	1,842,182	14,408	16,750	562,114	-
Proceeds from tax increment deferred	-	-	-	-	-
Proceeds from section 108 loan	-	-	-	-	-
Issue of long term debt	-	-	-	1,576,783	-
Total other financing Sources (uses)	<u>2,192,182</u>	<u>14,408</u>	<u>56,195</u>	<u>2,138,897</u>	<u>(250,000)</u>
Net change in fund balances before Extraordinary Item	<u>(2,691,375)</u>	<u>(1,143,433)</u>	<u>(71,205)</u>	<u>2,142,695</u>	<u>1,654,136</u>
Extraordinary Items	<u>(33,981,516)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,638,626</u>
Net change in fund balances	<u>\$ (36,672,891)</u>	<u>\$ (1,143,433)</u>	<u>\$ (71,205)</u>	<u>\$ 2,142,695</u>	<u>\$ 7,292,762</u>
Debt services as a percentage of noncapital expenditures	8.21%	5.13%	5.36%	4.93%	4.59%

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

Source: City of Monterey Park Management Services Department

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**CITY OF MONTEREY PARK**  
**Assessed Value of Taxable Property <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</b>	<b>Total</b>
						<b>Assessed Value</b>	<b>Direct Tax Rate <sup>(3) (4)</sup></b>
<b>2006/07</b>	3,534,309,866	742,415,041	137,520,717	226,638,453	30,469,846	4,640,884,077	0.37065
<b>2007/08</b>	3,778,205,339	843,606,146	146,557,103	230,266,047	31,575,891	4,998,634,635	0.37404
<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

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				
	2006/07	2007/08	2008/09	2009/10	2010/11
<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	0.05942	0.05460	0.03625	0.05151	0.05996
County Detention Facilities 1987 Debt	0.00066	0.00000	0.00000	0.00000	0.00000
Garvey School District	0.05074	0.05060	0.04953	0.05378	0.05733
Garvey-Alhambra	0.00000	0.00000	0.01882	0.02458	0.02770
Los Angeles Community College District	0.02146	0.00879	0.02212	0.02311	0.04031
Los Angeles County Flood Control District	0.00005	0.00000	0.00000	0.00000	0.00000
Los Angeles Unified School District	0.10681	0.12334	0.12478	0.15181	0.18695
Metropolitan Water District	0.02000	0.02000	0.01800	0.01800	0.01800
Montebello Unified School District	0.06731	0.06681	0.08063	0.09673	0.09792
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>1.50879</u></b>	<b><u>1.50648</u></b>	<b><u>1.53247</u></b>	<b><u>1.60186</u></b>	<b><u>1.67051</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>	1.11189	1.11118	1.10918	1.10918	1.10918
<b>Total Direct Rate <sup>(5)</sup></b>	0.37065	0.37404	0.38473	0.39330	0.39312

Notes:

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

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

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

Agency	Fiscal Year				
	2011/12	2012/13	2013/14	2014/15	2015/16
<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	0.07411	0.06760	0.06666	0.06595	0.06558
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000
Garvey School District	0.05686	0.06037	0.05978	0.05947	0.05874
Garvey-Alhambra	0.02718	0.02795	0.03154	0.02912	0.02906
Los Angeles Community College District	0.03530	0.04875	0.04454	0.04017	0.03575
Los Angeles County Flood Control District	0.00000	0.00000	0.00000	0.00000	0.00000
Los Angeles Unified School District	0.16819	0.17561	0.14644	0.14688	0.12971
Metropolitan Water District	0.01800	0.01800	0.01800	0.01800	0.01800
Montebello Unified School District	0.10001	0.09630	0.09457	0.08750	0.08715
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>1.66199</u></b>	<b><u>1.67692</u></b>	<b><u>1.64387</u></b>	<b><u>1.62943</u></b>	<b><u>1.60633</u></b>
<b>City's Share of 1% Levy Per Prop 13 <sup>(3)</sup></b>	0.15778	0.15778	0.15778	0.15778	0.15779
<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	0.00000	0.00000	0.00000	0.00000
<b>Total Direct Rate <sup>(5)</sup></b>	0.39069	0.40086	0.24388	0.24412	0.24437

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.
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- (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.

(Continued)

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

<u>Taxpayers</u>	<u>2015/16</u>	
	<u>Taxable Assessed Valuation</u>	<u>Percent of Total City Taxable Assessed Valuation</u>
Atlantic Times Square LLC	\$ 143,444,441	2.18%
Los Angeles Corporate Center LLC	66,907,064	1.01%
Union Bank	62,488,798	0.95%
Garfield Calmed Investment LP	50,845,231	0.77%
BRE California Office Owner LLC	46,900,000	0.71%
GMS Five LLC	45,872,626	0.70%
Emerald Hills LLC	32,293,184	0.49%
Monterey Park Calmed Invest LP	27,522,793	0.42%
MPM Partners LLC	27,104,414	0.41%
Care 1st Health Plan Inc	25,023,516	0.38%
	<u>\$ 528,402,067</u>	<u>8.02%</u>
 Total City Assessed Value	 <u>\$ 6,591,897,334</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>2006/07</u>	
	<u>Taxable Assessed Valuation</u>	<u>Percent of Total City Taxable Assessed Valuation</u>
Arden Realty Finance Partnership	\$ 49,938,331	1.08%
Union Bank	49,496,119	1.07%
GMS Five LLC	40,342,871	0.87%
1977 Saturn LLC	32,754,927	0.71%
Garfield Calmed Investment LP	28,605,145	0.62%
Emerald Hills LLC	28,277,602	0.61%
Mar Center LLC	19,272,042	0.42%
Tripeak LLC	18,801,010	0.41%
901 Corporation Center	16,802,460	0.36%
Real Estate Investors 1984	16,660,000	0.36%
	<u>\$ 300,950,507</u>	<u>6.48%</u>
 Total City Assessed Value	 <u>\$ 4,640,884,077</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
2006/07	5,925,108	4,125,002	10,050,110	5,765,714	3,428,356	9,194,070	91.48%
2007/08	6,580,143	3,901,574	10,481,717	6,053,576	3,678,652	9,732,228	92.85%
2008/09	6,847,669	4,066,000	10,913,669	6,352,339	3,798,654	10,150,993	93.01%
2009/10	6,852,571	4,071,933	10,924,504	6,414,087	3,812,164	10,226,251	93.61%
2010/11	6,927,221	4,121,586	11,048,807	6,541,366	3,887,804	10,429,170	94.39%
2011/12	7,098,802	4,243,185	11,341,986	6,565,780	4,551,806	11,117,586	98.02%
2012/13	7,286,613	5,305,437	12,592,050 <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%

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	
2006/07	511,642	153,061	664,704	6,277,356	3,581,418	9,858,774	98%
2007/08	395,621	147,124	542,745	6,449,197	3,825,776	10,274,973	98%
2008/09	476,422	122,714	599,137	6,828,762	3,921,369	10,750,130	99%
2009/10	359,301	109,069	468,370	6,773,388	3,921,233	10,694,621	98%
2010/11	287,500	99,043	386,544	6,828,866	3,986,847	10,815,713	98%
2011/12	72,698	110,634	183,332	6,638,478	4,662,440	11,300,918	100%
2012/13	196,955	50,990	247,945	7,183,826	4,341,554	11,525,380	92%
2013/14	273,471	95,500	368,971	7,699,039	4,532,770	12,231,809	101%
2014/15	143,686	77,728	221,414	7,939,938	4,520,833	12,460,772	99%
2015/16	196,898	120,616	317,514	8,360,364	4,958,355	13,318,719	99%

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

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

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

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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)**

<b>Fiscal Year</b>	<b>Governmental Activities</b>						<b>Total Governmental Activities</b>
	<b>Pension Obligation Bonds</b>	<b>Tax Allocation Bonds</b>	<b>Tax Increment Deferred Loan</b>	<b>HUD Section 108 Loans</b>	<b>Library Special Tax Revenue Note</b>	<b>Capital Lease Obligation</b>	
<b>2006/07</b>	17,405	31,240	20,919	5,739	3,417	2,337	81,057
<b>2007/08</b>	17,405	30,225	23,915	5,518	3,161	1,856	82,080
<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

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)**

<b>Fiscal Year</b>	<b>Business-Type Activity</b>	<b>Total Primary Government</b>	<b><sup>(1)</sup> Percentage of Personal Income</b>	<b>Population</b>	<b><sup>(2)</sup> Debt Per Capita</b>
<b>2006/07</b>	4,557	85,614	0.02%	64,508	1,327
<b>2007/08</b>	5,267	87,347	0.02%	64,434	1,356
<b>2008/09</b>	7,073	90,465	0.02%	64,874	1,394
<b>2009/10</b>	6,651	91,520	0.02%	65,027	1,407
<b>2010/11</b>	6,095	92,455	0.02%	60,435	1,530
<b>2011/12<sup>(3)</sup></b>	5,533	29,127	0.01%	61,153	476
<b>2012/13</b>	4,966	27,355	0.01%	61,445	445
<b>2013/14</b>	4,392	25,552	0.01%	61,777	414
<b>2014/15</b>	12,747	34,229	N/A	62,063	552
<b>2015/16</b>	12,127	32,317	N/A	61,346	527

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>
2006/07	17,405	4,640,884	0.38%	64,508	270
2007/08	17,405	4,998,635	0.35%	64,434	270
2008/09	17,380	5,322,844	0.33%	64,874	268
2009/10	16,855	5,396,347	0.31%	65,027	259
2010/11	16,345	5,448,783	0.30%	60,435	270
2011/12 <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

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.

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Source: City of Monterey Park Management Services Department

**CITY OF MONTEREY PARK**  
**Direct and Overlapping Debt**  
**As of June 30, 2016**

preliminary

	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable To City</u>	<u>Net Bonded Debt</u>
<b>Overlapping Debt</b>			
METROPOLITAN WATER DISTRICT <sup>(1)</sup>	44,916,916	0.031	14,105
GARVEY SD DS 2004 SERIES 2006	13,992,423	29.057	4,065,786
GARVEY SD DS 2004 SERIES C	8,722,964	29.057	2,534,636
GARVEY SD DS 2011 REFUND BONDS	4,415,000	29.057	1,282,869
GARVEY SD DS 2013 REF BONDS	1,945,000	29.057	565,160
GARVEY SD DS 2014 REF BONDS	5,415,000	29.057	1,573,439
LA CCD DS 2001, 2006 SERIES B	53,535,000	0.936	500,857
LA CCD DS 2001, 2008 SER E-1	20,620,000	0.936	192,914
LA CCD DS DS 2003, 2008 SER F-1	20,270,000	0.936	189,640
LA CCD DS 2008, 2009 TAXABLE SER B	75,000,000	0.936	701,676
LA CCD DS 2008, 2010 TAX SERIES D	175,000,000	0.936	1,637,245
LA CCD DS 2008, 2010 TAX SER E (BABS)	900,000,000	0.936	8,420,117
LA CCD DS 2008, 2010 SERIES C	125,000,000	0.936	1,169,461
LA CCD DS 2013 REF BONDS	261,585,000	0.936	2,447,307
LA CCD DS 2015 REF SERIES A	230,000,000	0.936	2,151,808
LA CCD DS 2015 REF SERIES B	1,462,085,000	0.936	13,678,808
LA CCD DS 2015 REF SERIES C	42,000,000	0.936	392,939
LA CCD DS 2015	305,905,000	0.936	2,861,951
LOS ANGELES UNIF DS 2002 REF BOND	58,280,000	0.038	21,880
LOS ANGELES UNIF DS 2005 REF BONDS A-1	87,510,000	0.038	32,854
LOS ANGELES UNIF DS 2004 SERIES F	17,270,000	0.038	6,484
LOS ANGELES UNIF DS 2005 SERIES A (2006)	8,450,000	0.038	3,172
LOS ANGELES UNIF DS 2005 SERIES B (2006)	1,331,240,000	0.038	499,787
LOS ANGELES UNIF DS 2005 SERIES C (2006)	267,190,000	0.038	100,311
LOS ANGELES UNIF DS 2004 SERIES G (2006)	417,375,000	0.038	156,695
LOS ANGELES UNIF DS 2002 SERIES B (2007)	773,100,000	0.038	290,245
LOS ANGELES UNIF DS 2002 SERIES C	96,815,000	0.038	36,347
LOS ANGELES UNIF DS 2004 SERIES H	432,865,000	0.038	162,510
LOS ANGELES UNIF DS 2005 SERIES E	55,405,000	0.038	20,801
LOS ANGELES UNIF DS 2005 SERIES H (QSCBS)	608,955,000	0.038	228,620
<b>Sub-Total Overlapping Debt</b>			<b>\$ 45,940,424</b>

2015/16 Assessed Valuation: \$5,395,137,455 After Deducting \$1,196,759,879 Incremental Value.

Debt to Assessed Valuation Ratios:	Direct Debt	0.00%
	Overlapping debt	1.92%
	Total debt	1.92%

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, 2016**

	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable To City</u>	<u>Net Bonded Debt</u>
<b>Overlapping Debt (Continued)</b>			
LAUSD MEASURE R SERIES 2009	319,480,000	0.038	119,942
LAUSD MEASURE R SERIES KRY BABS	200,000,000	0.038	75,086
LAUSD MEASURE Y 2009 SERIES KRY BABS	363,005,000	0.038	136,283
LAUSD MEASURE R 2010 SERIES RY BABS	806,795,000	0.038	302,895
LAUSD MEASURE Y 2010 SERIES RY BABS	1,250,585,000	0.038	469,507
LOS ANGELES UNIF DS 2014 REF BOND SERIES A	140,445,000	0.038	52,727
LOS ANGELES UNIF DS 2014 REF BOND SERIES B	1,602,125,000	0.038	601,485
LOS ANGELES UNIF DS 2014 REF BOND SERIES C	76,245,000	0.038	28,625
LOS ANGELES UNIF DS 2014 REF BOND SERIES D	318,085,000	0.038	119,419
LOS ANGELES UNIF DS 2004 SERIES J	1,226,355,000	0.038	460,410
MONTEBELLO USD DS 1998 SERIES 1998	6,007,949	8.404	504,882
MONTEBELLO USD DS 1998 SERIES 1999	8,110,352	8.404	681,559
MONTEBELLO USD DS 1998 SERIES 2002	14,283,040	8.404	1,200,285
MONTEBELLO USD DS 2004 SERIES 2008	2,135,000	8.404	179,416
MONTEBELLO USD DS 2004 SERIES 2009-1	3,220,000	8.404	270,595
MONTEBELLO USD DS 2004 SERIES 2009A-2 BABS	12,640,000	8.404	1,062,211
MONTEBELLO USD DS 2010 REFUNDING BONDS	7,495,000	8.404	629,847
MONTEBELLO USD DS REF 2004 SERIES 2013A	20,285,000	8.404	1,704,663
MONTEBELLO USD DS REF BOND SERIES 2015	43,260,000	8.404	3,635,382
ALHAMBRA USD DS 1999 SERIES A	4,090,537	33.257	1,360,393
ALHAMBRA USD DS 1999 SERIES B	4,274,692	33.257	1,421,637
ALHAMBRA USD DS 2005 REFUND BONDS	4,565,000	33.257	1,518,185
ALHAMBRA USD DS 2004 SERIES A	4,424,987	33.257	1,471,621
ALHAMBRA USD DS 2008 SERIES A SFID	9,099,721	33.257	3,026,301
ALHAMBRA USD -GAVEY DS 2004 SERIES B	22,949,695	33.257	7,632,396
ALHAMBRA USD DS 2008 SERIES B	27,215,000	33.257	9,050,912
ALHAMBRA USD 2008 SERIES B-1 QSCB	9,833,000	33.257	3,270,168
ALHAMBRA USD-GARVEY DS 2012 REF SERIES A	34,315,000	33.257	11,412,164
ALHAMBRA USD-GARVEY DS 2012 REF SERIES B	15600000	33.257	5,188,103
<b>Sub-Total Overlapping Debt</b>			<b><u>\$ 57,587,099</u></b>
<b>Total Overlapping Debt</b>			<b><u>\$ 103,527,523</u></b>
Direct Debt:			
Pension Obligation Bonds	13,970,000	100%	13,970,000
HUD Section 108 Loan	3,182,000	100%	3,182,000
Library Special Tax Revenue Note	731,235	100%	731,235
Capital Lease Obligation	14,433,425	100%	14,433,425
<b>Total Direct Debt</b>			<b><u>32,316,660</u></b>
<b>Total Direct and Overlapping Debt</b>			<b><u>\$ 135,844,183</u></b>

Source: HDL Coren & Cone

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

	<b>Fiscal Year</b>				
	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
Assessed valuation	4,640,884	4,998,635	5,322,844	5,396,347	5,448,783
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	696,133	749,795	798,427	809,452	817,317
Total net debt applicable to limit: Pension obligation bonds	<u>17,405</u>	<u>17,405</u>	<u>17,380</u>	<u>16,855</u>	<u>16,345</u>
Legal debt margin	<u>\$ 678,728</u>	<u>\$ 732,390</u>	<u>\$ 781,047</u>	<u>\$ 792,597</u>	<u>\$ 800,972</u>
Total debt applicable to the limit as a percentage of debt limit	2.5002%	2.3213%	2.1768%	2.0823%	1.9998%

Note: In accordance with California Government Code Section 43605, total general 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)**

	<b>Fiscal Year</b>				
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Assessed valuation	5,561,867	5,821,655	6,052,916	6,315,574	6,591,897
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	834,280	873,248	907,937	947,336	988,785
Total net debt applicable to limit: Pension obligation bonds	<u>15,850</u>	<u>15,365</u>	<u>14,890</u>	<u>14,425</u>	<u>13,970</u>
Legal debt margin	<u>\$ 818,430</u>	<u>\$ 857,883</u>	<u>\$ 893,047</u>	<u>\$ 932,911</u>	<u>\$ 974,815</u>
Total debt applicable to the limit as a percentage of debt limit	1.8998%	1.7595%	1.6400%	1.5227%	1.4128%

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>2006/07</b>	64,508	390,295,865	39,794	3.6%
<b>2007/08</b>	64,434	413,316,582	42,265	4.7%
<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	N/A	N/A	5.2%
<b>2015/16</b>	61,346	N/A	N/A	5.2%

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

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

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

<b>Employers</b>	<b>2015/16</b>	
	<b>Number of Employees</b>	<b>Percent of Total Employment</b>
Garfield Medical Center	976	0.021%
Care 1st Health Plan	541	0.012%
Southern California Gas Company	387	0.008%
Syner Med Inc	356	0.008%
Monterey Park Hospital	320	0.007%
Remitco LLC	187	0.004%
Ralphs Grocery (2 locations)	171	0.004%
24 Hour Fitness #867	143	0.003%
Chinese Daily News	142	0.003%
California Psychcare Inc	103	0.002%
Camino Real Chevrolet	100	0.002%
Monterey Park Convalescent	92	0.002%
Southern California Edison	90	0.002%
Heritage Manor Healthcare	90	0.002%
La Colonial Tortilla Products Inc	85	0.002%

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

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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>2006/07</b>	
	<b>Number of Employees</b>	<b>Percent of Total Employment</b>
East Los Angeles Community College	1,969	0.043%
Union Bank Processing Center	1,800	0.039%
Garfield Medical Center	1,006	0.022%
Los Angeles County Sheriff's Department	791	0.017%
L.A. County Children's Court	736	0.016%
United California Bank Processing Center	700	0.015%
City of Monterey Park	538	0.012%
Monterey Park Hospital	364	0.008%
Southern California Gas Company	241	0.005%
Chinese Daily News	164	0.004%
Remitco L L C	153	0.003%
Ralph's Grocery Store (2 Locations)	146	0.003%
California Highway Patrol	131	0.003%
La Colonial Tortilla Products, Inc.	131	0.003%
Sierra Madre Foods Inc.	122	0.003%

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

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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**

<b><u>Function</u></b>	<b>Fiscal Year</b>									
	<b><u>06-07</u></b>	<b><u>07-08</u></b>	<b><u>08-09</u></b>	<b><u>09-10</u></b>	<b><u>10-11</u></b>	<b><u>11-12</u></b>	<b><u>12-13</u></b>	<b><u>13-14</u></b>	<b><u>14-15</u></b>	<b><u>15-16</u></b>
General Government	38	38	37	32	35	32	32	32	31	32
Public Safety										
Police	132	132	131	123	113	113	114	114	114	116
Fire	64	64	64	62	59	58	58	58	58	58
Public Works	63	63	62	59	70	70	70	70	71	71
Culture and Recreation										
Library	30	31	31	25	24	24	25	25	26	26
Recreation/Community Services	58	59	54	49	36	36	36	36	37	37
Community/Economic Development	28	28	27	24	15	12	13	13	14	14
<b>Total</b>	<b><u>413</u></b>	<b><u>415</u></b>	<b><u>406</u></b>	<b><u>374</u></b>	<b><u>352</u></b>	<b><u>345</u></b>	<b><u>348</u></b>	<b><u>347</u></b>	<b><u>350</u></b>	<b><u>352</u></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**

	<b>Fiscal Year</b>				
	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
<b>Police:</b>					
Number of service calls	50,908	54,696	54,925	53,863	54,363
Response time priority I (emergency) (minutes/seconds)	4:05	4:17	4:25	4:00	4:03
<b>Fire:</b>					
Number of emergency calls	3,895	4,163	4,094	4,378	3,757
Inspections	2,597	2,747	3,372	3,438	3,438
<b>Public works:</b>					
Street resurfacing (miles)	2.22	2.38	-	7.66	0.47
<b>Parks and recreation:</b>					
Hours of recreation classes	770	770	770	700	770
Number of facility rentals	235	235	241	141	141
<b>Water:</b>					
Meters changed and upgrades	653	712	518	513	564
Water turn-ons and turn-offs	3,744	2,905	2,939	2,521	2,079
Average daily consumption (thousand of gallons)	11,000	11,000	11,000	11,000	8,000

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

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

	<b>Fiscal Year</b>				
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
<b>Police:</b>					
Number of service calls	54,128	51,130	51,735	54,568	52,810
Response time priority I (emergency) (minutes/seconds)	4:10	3:55	4:28	3:56	4:41
<b>Fire:</b>					
Number of emergency calls	4,103	4,565	4,538	4,605	4,698
Inspections	2,570	2,385	2,955	2,424	3,813
<b>Public works:</b>					
Street resurfacing (miles)	2.05	14.68	0.48	0.16	2.12
<b>Parks and recreation:</b>					
Hours of recreation classes	770	540	640	640	770
Number of facility rentals	177	145	167	165	175
<b>Water:</b>					
Meters changed and upgrades	1,149	739	329	10,994	116
Water turn-ons and turn-offs	2,436	2,856	2,412	2,412	2,800
Average daily consumption (thousand of gallons)	8,000	8,000	8,000	8,000	8,000

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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**

	<b>Fiscal Year</b>				
	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
<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)	13,130	13,540	12,140	11,733	11,140
<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				
	2011/12	2012/13	2013/14	2014/15	2015/16
<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)	11,340	12,810	11,510	9,680	7,200
<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>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
Type of Customers:					
Residential	2,442.3	2,482.5	2,814.1	2,693.5	2,718.3
Commercial	916.4	874.0	924.6	925.8	935.0
Institutional	81.2	76.7	132.3	127.8	130.0
Government	61.8	62.0	87.6	90.1	89.1
 Total	 <u>3,501.7</u>	 <u>3,495.2</u>	 <u>3,958.6</u>	 <u>3,837.2</u>	 <u>3,872.4</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>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Type of Customers:					
Residential	2,570.3	2,825.1	2,824.1	2,431.1	2,504.0
Commercial	861.8	893.6	893.8	896.6	914.5
Institutional	175.0	163.0	160.0	159.1	163.9
Government	<u>90.0</u>	<u>88.0</u>	<u>82.0</u>	<u>80.0</u>	<u>81.6</u>
 Total	 <u>3,697.1</u>	 <u>3,969.7</u>	 <u>3,959.9</u>	 <u>3,566.8</u>	 <u>3,664.0</u>

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Source: City of Monterey Park Management Services Department

**CITY OF MONTEREYPARK**  
**Water Rates**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Monthly Base Rate</b>	<b>Rate per 1,000 Gallons</b>
<b>2006/07</b>	11.69	2.04
<b>2007/08</b>	12.11	2.11
<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

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>2015/16</b>		<b>2011/12</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	\$ 76,562	0.91%	\$ 26,782	0.36%
Aespace America Inc.	57,448	0.68%	86,667	1.16%
M P Golf Course	50,192	0.60%	35,428	0.47%
Garfield Medical Ctr	31,643	0.38%	64,414	0.86%
Monterey Park Hospital	26,803	0.32%	31,276	0.42%
Union Bank of CA #240	25,253	0.30%	43,346	0.58%
Tay Pao Soukaphay	23,208	0.28%	29,778	0.40%
Ocean Star Seafood	22,254	0.26%	36,924	0.49%
So. California Gas Co.	21,246	0.25%	19,918	0.27%
Herbert Chen	15,822	0.19%	20,400	0.27%
	<b>\$ 350,430</b>	<b>4.16%</b>	<b>\$ 394,933</b>	<b>5.28%</b>

Source: City of Monterey Park Management Services Department