

CITY OF ALHAMBRA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE YEAR ENDED
JUNE 30, 2016**



On the Cover:

Alhambra Place
SE Corner of Garfield & Main

This new Alhambra Place lifestyle center with a contemporary design includes an exciting mix of large and small national retailers and restaurants to occupy the 140,000 square foot retail space with open-air patios and walkways to create a pedestrian-friendly experience. This new Center will also feature a four-story residential complex exhibiting classic brownstone features with well-defined cornices and Jeffersonian arched entryway comprised of 260 luxury apartment homes, complete with its own clubhouse, gym, pool and spa.

CITY OF ALHAMBRA,

CALIFORNIA

Comprehensive Annual Financial Report

Year ended June 30, 2016

(With Independent Auditors' Report Thereon)

Prepared by:

Paul Espinoza, Director of Finance
and Staff

CITY OF ALHAMBRA
Comprehensive Annual Financial Report

Table of Contents

	Page
Introductory Section:	
Letter of Transmittal	iv
Officials of the City of Alhambra	viii
Organizational Chart	ix
GFOA Certificate of Achievement for Excellence in Financial Reporting	x
Financial Section:	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
General Fund	22
Community Development Block Grant Fund	25
Statement of Net Position – Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28
Statement of Fiduciary Net Position	30
Statement of Changes in Fiduciary Net Position	31
Notes to the Basic Financial Statements	32
Required Supplementary Information (Unaudited):	
Schedule of Changes in Net Position Liability and Related Ratios – Miscellaneous Plan Last Ten Fiscal Years	84
Schedule of Contributions – Miscellaneous Plan Last Ten Fiscal Years	85
Schedule of Changes in Net Position Liability and Related Ratios – Safety Plan Last Ten Fiscal Years	86
Schedule of Contributions – Safety Plan Last Ten Fiscal Years	87
Schedule of Funding Progress of the City's Other Pension Plan	88
Schedule of Funding Progress of the City's Other Post-Employment Benefit Plans	88

CITY OF ALHAMBRA

Table of Contents, Continued

	Page
Combining and Individual Fund Statements and Schedules:	
Other Governmental Funds:	
Combining Balance Sheet – Other Governmental Funds	89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Governmental Funds	90
Combining Balance Sheet – Other Special Revenue Funds	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Other Special Revenue Funds	93
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Other Special Revenue Funds:	
Law Enforcement Fund	95
TDA Bikeway Fund	96
State Gas Tax Fund	97
Proposition A – Transportation Fund	98
Proposition C – Transportation Fund	99
Measure R Fund	100
Air Quality Fund	101
Lighting and Landscape Maintenance Fund	102
Police Facility Assessment Fund	103
Asset Forfeiture Fund	104
Disability Access Compliance Fund	105
Home and Rental Rehabilitation Fund	106
Housing Asset Fund	107
Transportation Capital Improvements Fund	108
Combining Balance Sheet – Other Debt Service Funds	109
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Debt Service Funds	110
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Other Debt Service Funds:	
Lighting and Sidewalk Construction Fund	111
Police Facility Fund	112
Parking Authority Debt Service Fund	113

CITY OF ALHAMBRA

Table of Contents, Continued

	Page
Combining Balance Sheet – Other Capital Projects Funds	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Capital Projects Funds	115
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Other Capital Projects Funds:	
Capital Outlay Fund	116
Parking Authority Projects Fund	117
Internal Service Funds:	
Combining Statement of Net Position (Deficits) – Internal Service Funds	118
Combining Statement of Revenues, Expenses, and Changes in Net Position (Deficits) – Internal Service Funds	119
Combining Statement of Cash Flows – Internal Service Funds	120
 Statistical Section (Not Covered by Independent Auditors' Report)	
Net Position by Component - Last Ten Fiscal Years	122
Changes in Net Position - Last Ten Fiscal Years	123
Fund Balances of Governmental Funds - Last Ten Fiscal Years	125
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	126
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	127
Direct and Overlapping Property Tax Rates - Current Year and Nine Years Ago	128
Principal Property Tax Payers - Current Year and Nine Years Ago	129
Property Tax Levies and Collections - Last Ten Fiscal Years	130
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	131
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	132
Direct and Overlapping Debt	133
Legal Debt Margin Information - Last Ten Fiscal Years	135
Pledged Revenue Coverage - Last Ten Fiscal Years	136
Demographic and Economic Statistics	137
Principal Employers - Current Year and Nine Years Ago	138
Full-time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	139
Operating Indicators by Function - Last Ten Fiscal Years	140
Capital Asset Statistics by Function - Last Ten Fiscal Years	141

Introductory Section

City of Alhambra

December 27, 2016

Honorable Mayor and City Council
City of Alhambra
Alhambra, California

It is our pleasure to submit for your information the Comprehensive Annual Financial Report (CAFR) of the City of Alhambra for the fiscal year ended June 30, 2016. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. It is our opinion that the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Alhambra, California. 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 of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. 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 Alhambra, California for the fiscal year ended June 30, 2016 are free of material misstatements. The independent audit involved 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 unqualified opinion that the City of Alhambra, California's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.



*Gateway
to the
San Gabriel Valley*

*111
South First Street
Alhambra
California
91801*

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City’s separately issued Single Audit Report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the City of Alhambra

The City of Alhambra was incorporated on July 11, 1903 and became the third city in the state to adopt by charter the Council-Manager form of government. Council members are nominated by district and elected at large for four-year terms at elections held in even numbered years. The City is located eight miles east of downtown Los Angeles and shares common boundaries with the cities of South Pasadena and San Marino to the north, San Gabriel to the east, Monterey Park to the south, and Los Angeles to the west.

Alhambra occupies 7.69 square miles and generally has been fully developed since the 1960’s. Private development and higher densities have increased the population from 54,800 in 1960 to 84,577 in 2013. The City is diversified with single family and multiple family housing development, commercial development, and significant industrial development.

The City provides a full range of municipal services. Services provided include police, fire, street maintenance and improvements, water and storm drains, recreation, library, public improvements, planning zoning, and general administrative and support services.

Economic Condition and Outlook

Local Economy. The City of Alhambra’s economic base is a combination of commercial and light industrial business with 9,311 active businesses located in the City generating over \$1 billion in taxable sales in 2015-2016. Approximately 38% of that amount is from “Auto Row” (including both auto sales and leases) which currently has 10 dealers and 13 different brands of automobiles.

The newly rebuilt “Alhambra Place” located at the southeast corner of Garfield Avenue and Main Street encompasses 10.6 acres and includes 140,000 square feet of retail and restaurant space. Alhambra Place includes Sprouts Farmers Market and Burlington as key anchor tenants. Other tenants include Blaze Pizza, The Habit Grill, Maido (stationery store), Vidorra (clothing boutique), Verizon, Bank of the West, JJ Bakery, Tokyo Table, The Big Catch, and Clear Sight Optometry. The commercial portion of the project and parking lot are valued at \$24.2 million. The four-story residential component with 260 luxury apartment homes and a parking structure is under way and is anticipated to be completed by early 2017. Its anticipated value is \$37.8 million. The retail and restaurant space will infuse additional economic vitality into the City while the residential component of Alhambra Place will bring in a whole new set of residents to the Alhambra who will shop and dine in our community.

The Alhambra Renaissance Entertainment Center located at the northeast corner of Main Street and Garfield Avenue includes 14 screens, stadium seating, a 20,000 square foot public plaza, and 15,000 square feet of retail/restaurant space which includes Applebee’s Grill, Panda Express, Grill’Em All (hamburgers), and Menchie’s Frozen Yogurt. The Center also includes a five-level 252,000 square foot public parking structure and surface parking lot which provides a total of 800 free parking spaces for patrons who visit the Alhambra Renaissance Entertainment Center and surrounding businesses in the downtown.

Other major businesses within the City include Costco, Kohl’s, Home Depot, Office Depot, Ross Dress For Less, Target, Smart and Final, Party City and Toys R Us/Babies R Us.

Financial Information

Long-term Financial Planning. Economic growth, while marginal in the City, has increased the demand for vital City services. These issues were reflected in the setting of City Council priorities for 2016:

The City has developed a Strategic Plan with established goals from which budgetary decisions are made. The Plan is periodically updated and the City is consistently working to achieve these goals.

City goals for fiscal years 2015 – 2016 are as follows:

- Enhance commercial development, housing and jobs creation
- Enhance the quality of our neighborhoods and community
- Improve financial stability
- Improve and enhance the City’s infrastructure and facilities
- Enhance community awareness of the City’s programs and services

Substantial progress has been made towards the accomplishment of these goals.

The City has also developed a Five-Year Capital Improvement Plan detailing specific capital projects planned for each City department. Each project is consistent with the overall goals and objectives of the City as outlined in the Strategic and General Plans. The current Five-Year Capital Improvement Plan proposed \$20.7 million of capital projects which includes \$6.1 million for major street projects, \$12.1 million for water and sewer system improvements, \$633,000 in public safety capital expenditures, \$1.3 million for golf and recreation improvements and \$525,000 for library improvements.

Internal Controls. Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Management asserts that, to the best of their knowledge and belief, this financial report is complete and reliable in all material respects.

Budgetary Control. The City of Alhambra adopts a comprehensive budget detailed by department prior to the start of the fiscal year on July 1. The budget is further broken down by character of expenditure, defined as personnel services, service and supplies, and capital outlay. The ledgers of the City and its component units are maintained by the line item detail or object of expenditure. However, all budgetary controls are exercised at the department and fund level. The City maintains budgetary controls to ensure compliance with legal provisions in the annual appropriated budget approved by the City Council. Revenues are estimated annually and measured against actual revenues earned. The City also maintains an encumbrance accounting system for budgetary control. Encumbrances generally are re-appropriated as part of the following year's budget.

Major Initiatives. The City continues to strive towards improving its Downtown through the development of major economic projects.

Projects currently in development include:

City Ventures, LLC continues to construct a 70-unit planned development on an approximately land area of 8.8 acres located at 2400 South Fremont Avenue. The proposed 70 units will be comprised of five existing single family homes to be retained, 27 new single-family residential dwelling units, 28 townhome units, and 10 single-family hillside units. The project is anticipated to be completed by the end of 2017.

CFT Developments LLC is proposing the development of “Commonwealth Plaza” a new 21,603 square foot commercial shopping center located at 2300 W. Commonwealth Avenue. This project is anticipated to begin construction early 2017. The project consists of three single-story buildings with a total area of 21,603 square feet of retail and restaurant space on 2.2 acres and a two-level parking structure will provide a total of 151 parking spaces. Anticipated businesses in the project will include Panera Bread, McDonald’s (their 3rd Alhambra location), Ono Hawaiian BBQ (their 2nd Alhambra location), Ahi Poke Bowl and America’s Best Sunglasses.

Construction is anticipated to begin in early 2017 for the construction of a new 39,982 square foot Nissan located at 801 E. Main Street. The dealership is a two story structure with three levels of parking.

On September 12, 2016, the City approved a new 116,426 square foot Toyota dealership building for 1515 W. Main Street that will replace their existing facility. The developer is preparing construction drawings and the City is awaiting plans to be submitted for plan check.

These new projects will bring additional property tax and sales tax revenues and job creation to the City in the future.

For the City of Alhambra, the financial well-being of the City depends on its ability to adapt to changing economic conditions and being prepared for financial uncertainties and emergencies. The City maintains a Fund Balance Policy to identify a reserve or ‘rainy-day’ fund to supplement operating revenue in years of shortfall. The minimum General Fund Balance level that will be maintained is at a range of 10% to 20% of general fund operating revenues or regular general fund operating expenditures. The total General Fund Balance will be reviewed during periods of economic stagnation and uncertainty to avoid reductions in operating services levels. Likewise, in periods of economic prosperity, funding levels will be reviewed for possible increases above the recommended percentages. The City has maintained its Committed for Emergency Reserves of \$8,727,546.

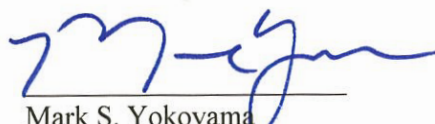
Awards and Acknowledgements

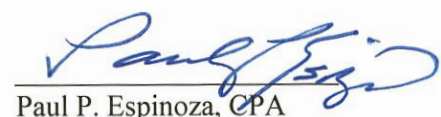
The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement in Excellence in Financial Reporting to the City of Alhambra for its Comprehensive Annual Financial Report for the year ended June 30, 2015. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for 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 comprehensive annual financial report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Alhambra has received a Certificate of Achievement for the last 27 consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are again submitting it to GFOA.

Respectfully submitted,


Mark S. Yokoyama
City Manager


Paul P. Espinoza, CPA
Director of Finance

Officials of the City of Alhambra

Mayor

David Mejia
Fourth District

City Council Members

Stephen Sham
First District

Barbara Messina
Second District

Jeff Maloney
Third District

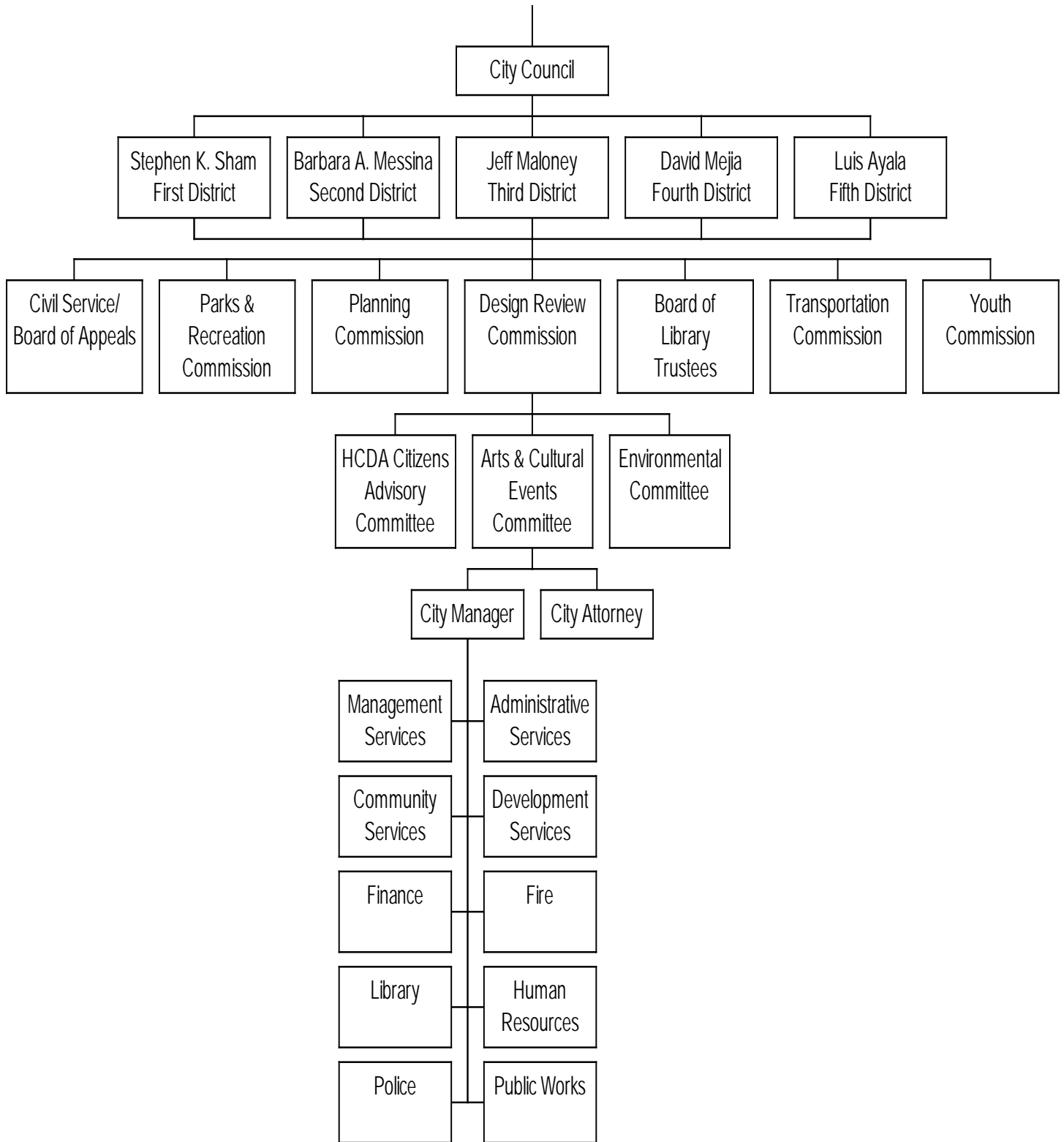
Luis Ayala
Fifth District

City Administration and Department Heads

City Manager Mark Yokoyama
City Attorney Joseph Montes
Director of Administrative Services Christopher Paulson
Deputy City Manager/Director of Community Services Martin Ray
Deputy City Manager/Director of Public Works/Utilities Mary Chavez
Director of Environmental Resources Cynthia Jarvis
Director of Finance Paul Espinoza
Director of Development Services Tonya Pace
Director of Library Services Carmen Hernandez
Interim Police Chief Jackie Gomez-Whiteley
Fire Chief Thomas Phelps
Assistant City Manager/Director of Human Resources Tara Schultz
Assistant City Manager/Director of Risk Management Richard Bacio

ORGANIZATIONAL CHART

PEOPLE OF ALHAMBRA





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Alhambra
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Financial Section

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Alhambra
Alhambra, 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 Alhambra (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 basic financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Community Development Block Grant Special Revenue Fund 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 Miscellaneous and Safety Plans schedules of changes in the net pension liability and related ratios, the Miscellaneous and Safety Plans schedules of contributions, and the schedules of funding progress - other pension plan and other post employment benefit plan, 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 and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate 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 combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
December 27, 2016

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF ALHAMBRA

Management's Discussion and Analysis

June 30, 2016

This section of the City's Comprehensive Annual Financial Report provides a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found beginning on page iv and the City's financial statements beginning on page 16.

Financial Highlights

The following are some key financial highlights for the fiscal year June 30, 2016:

- The City's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$120,766,810 (net position), which was comprised of capital assets, net investment in capital assets of \$161,896,786, restricted for debt service of \$1,896,643, restricted for projects and programs of \$23,854,665, and unrestricted net deficit of \$66,881,284.
- The City's total net position increased by \$15,139,553 during the current fiscal year, comprised of an increase in governmental activities of \$13,668,884, and an increase in business-type activities of \$1,470,669.
- As of June 30, 2016, the City's governmental funds reported combined fund balances of \$54,754,939, an increase of \$12,085,941 in comparison with the prior year. Of this amount, \$22,940,748 or approximately 42% of total fund balances, are available for spending at the City's discretion (committed, assigned, and unassigned fund balance).
- At the end of the current fiscal year, committed, assigned, and unassigned fund balance for the General Fund was \$22,949,740, or 40% of total general fund expenditures. However, the City has committed or assigned \$22,281,780 for various projects and programs leaving \$667,960 as unassigned.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflow of resources and liabilities and deferred inflow of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The *governmental activities* of the City include general government, public safety, public works, housing, health and community development, culture

CITY OF ALHAMBRA

Management's Discussion and Analysis

June 30, 2016

and recreation, and interest on long-term debt. The *business-type activities* of the City include its water, sewer and storm drain, sanitation, and golf course/clubhouse operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also four legally separate entities, the Alhambra Capital Improvements Corporation, Alhambra Golfcourse/Clubhouse Corporation, Alhambra Public Financing Authority, and the Alhambra Parking Authority. The City is financially accountable for these entities and financial information for these blended component units is reported within the financial information presented for the primary government itself.

The government-wide financial statements can be found on page 16 and page 17 of this report.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of this fiscal year. Such information may be useful in evaluating the City's near-term financial 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 City's near-term financial decision. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Community Development Block Grant Fund which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements in the other governmental funds* section of this report.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison statement is provided for all funds with an annually adopted budget. The budgetary comparison statement for the General Fund is located in the basic financial statements.

The basic governmental fund financial statements can be found on page 18 and page 20 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are 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 its water, sewer and storm drain, sanitation, and golf course/clubhouse operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-insurance activities, including: general claims liability, workers' compensation insurance, vehicle operation and maintenance, and compensated absences.

CITY OF ALHAMBRA
Management's Discussion and Analysis
June 30, 2016

Because these services benefit both governmental and business-type functions, the services have been allocated to governmental and business type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer and storm drain, sanitation, and golf course/clubhouse operations, all of which are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the *Supplementary Information* section of this report.

The basic proprietary fund financial statements can be found on page 26 through page 29 of this report.

Fiduciary Funds. The City maintains one fiduciary fund, a Private Purpose Trust for the Alhambra Redevelopment Agency Successor Agency. Fiduciary Funds are used to account for financial resources held for the benefit of parties outside the City government. Fiduciary Funds are not reflected in the government-wide statements because the resources are not available to support governmental activities of the City.

The basic fiduciary fund financial statements can be found on page 30 through page 31 of this report.

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. The notes to the basic financial statements can be found on pages 32 through 83 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. *Required supplementary information* can be found on pages 84 through 88 of this report.

The combining statements referred to earlier in connection with other governmental funds and internal service funds, together with information on capital assets used in the operation of governmental funds (those not included in internal service funds), are presented immediately following *the required supplementary information* on pensions. Combining and individual fund statements and schedules can be found on pages 89 through 121 of this report.

CITY OF ALHAMBRA
Management's Discussion and Analysis
June 30, 2016

Government-wide Financial Analysis

Summary of Net Position
June 30, 2016 and 2015

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets:						
Current and other assets	\$ 73,244,058	64,123,130	37,523,834	41,625,844	110,767,892	105,748,974
Capital assets	<u>136,763,935</u>	<u>139,309,187</u>	<u>52,305,069</u>	<u>47,237,994</u>	<u>189,069,004</u>	<u>186,547,181</u>
Total assets	<u>210,007,993</u>	<u>203,432,317</u>	<u>89,828,903</u>	<u>88,863,838</u>	<u>299,836,896</u>	<u>292,296,155</u>
Deferred outflow of resources	<u>8,738,756</u>	<u>7,818,387</u>	<u>948,846</u>	<u>848,913</u>	<u>9,687,602</u>	<u>8,667,300</u>
Liabilities:						
Current and other liabilities	6,940,067	7,240,994	3,801,328	3,274,937	10,741,395	10,515,931
Long-term liabilities	<u>143,138,408</u>	<u>143,386,044</u>	<u>21,909,789</u>	<u>22,051,686</u>	<u>165,048,197</u>	<u>165,437,730</u>
Total liabilities	<u>150,078,475</u>	<u>150,627,038</u>	<u>25,711,117</u>	<u>25,326,623</u>	<u>175,789,592</u>	<u>175,953,661</u>
Deferred inflow of resources	<u>11,859,851</u>	<u>17,484,127</u>	<u>1,108,245</u>	<u>1,898,410</u>	<u>12,968,096</u>	<u>19,382,537</u>
Net position:						
Net investment in capital assets	117,400,979	119,683,405	44,495,807	38,681,372	161,896,786	158,364,777
Restricted	24,558,784	23,216,172	1,192,524	1,160,870	25,751,308	24,377,042
Unrestricted	<u>(85,151,340)</u>	<u>(99,760,038)</u>	<u>18,270,056</u>	<u>22,645,476</u>	<u>(66,881,284)</u>	<u>(77,114,562)</u>
Total net position	<u>\$ 56,808,423</u>	<u>43,139,539</u>	<u>63,958,387</u>	<u>62,487,718</u>	<u>120,766,810</u>	<u>105,627,257</u>

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$120,766,810 at June 30, 2016.

The largest portion of the City's net position of \$161,896,786 reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc.), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net investment in capital assets, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The second largest portion of the City's net position of \$25,751,308 represent resources that are subject to external restrictions on how they may be used. The remaining portion of the City's net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. At June 30, 2016, unrestricted net deficit were \$66,881,284.

CITY OF ALHAMBRA
Management's Discussion and Analysis
June 30, 2016

Summary of Activities
Year ended June 30, 2016 and 2015

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 10,912,677	13,000,662	31,028,309	33,191,411	41,940,986	46,192,073
Operating grants and contributions	7,787,874	9,416,083	—	22,489	7,787,874	9,438,572
Capital grants and contributions	1,116,073	951,304	233,000	—	1,349,073	951,304
General revenues	55,559,565	55,005,196	755,313	822,354	56,314,878	55,827,550
Total revenues	75,376,189	78,373,245	32,016,622	34,036,254	107,392,811	112,409,499
Expenses:						
General government	1,041,083	1,598,123	—	—	1,041,083	1,598,123
Public safety	42,918,861	46,458,791	—	—	42,918,861	46,458,791
Public works	7,006,245	8,023,192	—	—	7,006,245	8,023,192
Housing, health, and community development	8,487,433	7,650,827	—	—	8,487,433	7,650,827
Culture and recreation	9,052,940	9,279,212	—	—	9,052,940	9,279,212
Interest on long-term debt	1,135,837	1,249,673	—	—	1,135,837	1,249,673
Water	—	—	16,311,997	16,510,569	16,311,997	16,510,569
Sewer and storm drain	—	—	3,263,093	1,974,071	3,263,093	1,974,071
Sanitation	—	—	8,618,426	8,564,911	8,618,426	8,564,911
Golf course/clubhouse	—	—	1,484,380	1,478,101	1,484,380	1,478,101
Total expenses	69,642,399	74,259,818	29,677,896	28,527,652	99,320,295	102,787,470
Increase in net position before other gains and transfers	5,733,790	4,113,427	2,338,726	5,508,602	8,072,516	9,622,029
Special gain	7,067,037	—	—	—	7,067,037	—
Transfers in (out)	868,057	918,102	(868,057)	(918,102)	—	—
Increase in net position	13,668,884	5,031,529	1,470,669	4,590,500	15,139,553	9,622,029
Net position, July 1	43,139,539	38,108,010	62,487,718	57,897,218	105,627,257	96,005,228
Net position, June 30	<u>\$ 56,808,423</u>	<u>43,139,539</u>	<u>63,958,387</u>	<u>62,487,718</u>	<u>120,766,810</u>	<u>105,627,257</u>

Governmental Activities. Governmental activities increased the City's net position by \$13,668,884.

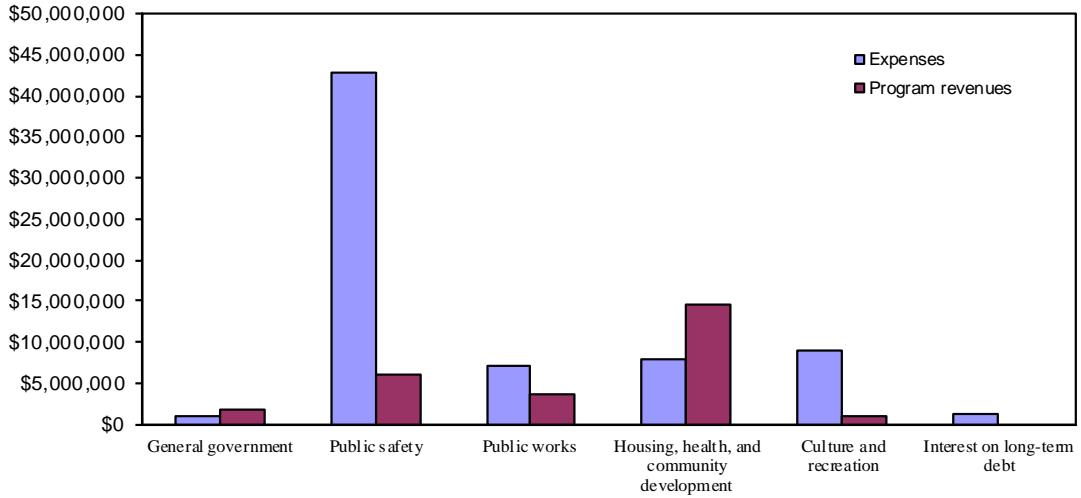
Governmental Revenues. Governmental revenues decreased by \$2,997,056 or 3.8%. There are several reasons which account for this decrease, however the main factors are a decrease of CDBG allocation revenues of \$1,038,469 as program income was available in current year and a decrease in charges for services of \$2,087,985 primarily due to a decrease in building permits and plan check fees of \$1,910,292 from large developments in prior year.

Special item is a result of share of proceeds from sale of property owned by the Successor Agency to the City of Alhambra Redevelopment Agency.

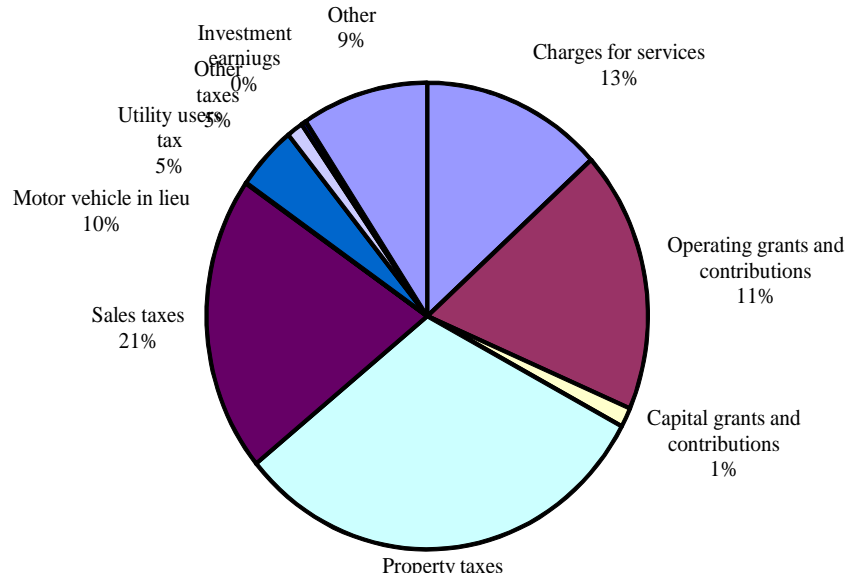
Governmental Expenses. Governmental expenses decreased by \$4,617,419 or 6.2%. There are several reasons which account for this decrease, however the main factor is a decrease in net pension liability costs of \$4,949,535.

CITY OF ALHAMBRA
 Management's Discussion and Analysis
 June 30, 2016

**Expenses and Program Revenues
 Governmental Activities
 For the year ending June 30, 2016**



Revenues by Source – Governmental Activities



CITY OF ALHAMBRA

Management’s Discussion and Analysis

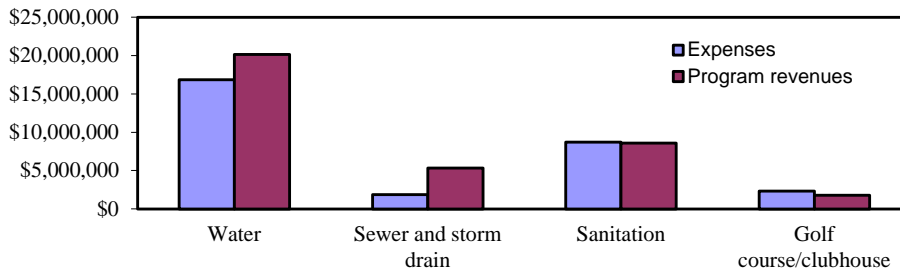
June 30, 2016

Business-type Activities. Business-type activities increased the City’s net position by \$1,470,669 indicating that business-type activities had revenues sufficient to cover operations. A key element of this increase is as follows:

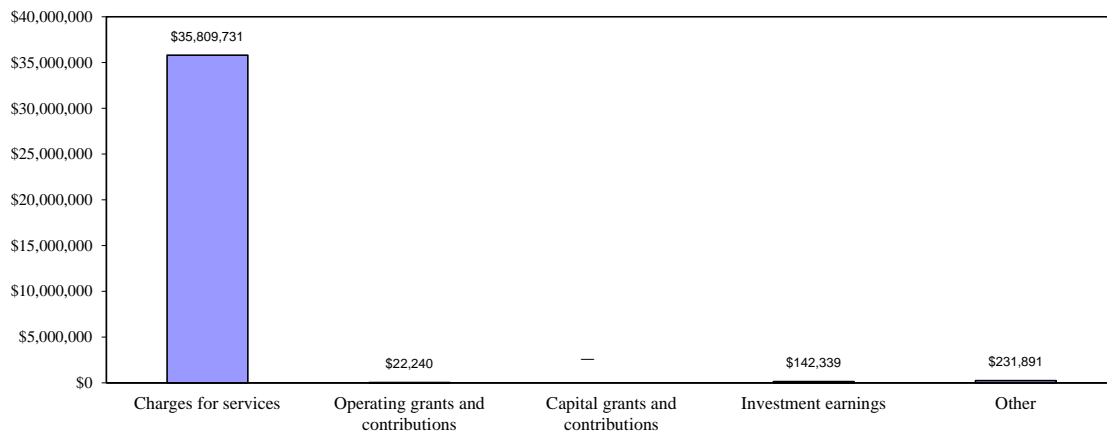
Water Fund net position decreased \$523,478 primarily due to capital contribution to road network of \$655,336.

Sewer and Storm Drain Fund net position increased \$1,877,618 due to revenues exceeding expenses providing for the accumulation of resources for future capital projects and expenses.

Expenses and Program Revenues – Business-type Activities for the year ended June 30, 2016



Revenues by Source– Business-type Activities



CITY OF ALHAMBRA

Management's Discussion and Analysis

June 30, 2016

Financial Analysis of the City's Major Funds

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information may be useful in assessing the City's financing requirements. Below is an analysis of the City's major governmental fund for the year ended June 30, 2016.

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Amount Increase</u>	<u>Percentage Increase</u>
Fund Balance:				
General Fund Balance:	\$ 23,286,003	20,280,429	3,005,574	15%
Community Development Block Grant Fund	7,245,107	290,217	6,954,890	2396%
Total Fund Balance	<u>\$ 30,531,110</u>	<u>20,570,646</u>	<u>9,960,464</u>	<u>2411%</u>

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance was \$23,286,003 which increased by \$3,005,574 during the current fiscal year. Key factors for changes in the current fiscal year fund balance are as follows: Total revenues decreased \$1,105,579 primarily due to a decrease in building permit revenues of \$1,179,853 and a decrease in plan check fees of \$730,439 due to large developments in prior year. These decreases were partially offset by an increase in overall tax revenue of \$1,061,933. Total expenditures increased \$1,309,768 due to numerous reasons including an increase in personnel costs from salary increases offset by a decrease in capital outlay from the installation of catch basins in prior year of \$245,566. Transfers out decreased \$3,832,902 primarily from transfer in prior year of \$3,400,000 to reduce deficit fund balances in the Self-Insurance Internal Service Fund.

The Community Development Block Grant Fund utilizes federal grant monies received from the U.S. Department of Housing and Urban Development along with miscellaneous program income to develop certain project areas in accordance with HUD regulations. At the end of the current fiscal year, the fund balance was \$7,245,107 which increased by \$6,954,890 during the current fiscal year. The net increase in fund balance is due to share of proceeds from sale of property owned by the Successor Agency to the City of Alhambra Redevelopment Agency of \$7,067,037 and timing differences in the recording of grant revenues and expenditures.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Amount Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
Net Position:				
Water Fund	\$ 35,400,213	35,923,691	(523,478)	-1.5%
Sewer Fund	26,889,726	25,012,108	1,877,618	7.5%
Sanitation Fund	(1,088,389)	(1,222,825)	134,436	11.0%
Golf course/Clubhouse Fund	4,606,158	4,557,485	48,673	1.1%
Total Net Position	<u>\$ 65,807,708</u>	<u>64,270,459</u>	<u>1,537,249</u>	<u>18.1%</u>
Unrestricted Net Position:				
Water Fund	\$ 8,060,165	9,953,233	(1,893,068)	-19.0%
Sewer Fund	14,676,342	17,427,693	(2,751,351)	-15.8%
Sanitation Fund	(1,138,305)	(1,295,444)	157,139	12.1%
Golf course/Clubhouse Fund	(1,478,825)	(1,657,265)	178,440	10.8%
Total Unrestricted Net Position	<u>\$ 20,119,377</u>	<u>24,428,217</u>	<u>(4,308,840)</u>	<u>-11.9%</u>

CITY OF ALHAMBRA

Management's Discussion and Analysis

June 30, 2016

Enterprise Funds. Unrestricted net position of the enterprise funds totaled \$20,119,377, while total net position was \$65,807,708 at the end of the current year. The total increase in net position for these funds was \$1,537,249. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

The Water Fund's unrestricted net position was \$8,060,165, while total net position was \$35,400,213 at the end of the current year. The net position of the Water Fund decreased \$523,478 during the current fiscal year. This decrease was attributable primarily to less water usage revenue from mandated conservation.

The Sewer and Storm Drain Fund's unrestricted net position was \$14,676,342, while total net position was \$26,889,726 at the end of the fiscal year. The net position of the Sewer and Storm Drain Fund increased by \$1,877,618 during the current fiscal year primarily due to accumulation of funds for future capital projects.

The Sanitation Fund's unrestricted net deficit was \$1,138,305 at the end of the current fiscal year, while total net deficit was \$1,088,389. The net position of the Sanitation Fund increased by \$134,436 during the current fiscal year.

The Golf course/Clubhouse fund's unrestricted net deficit was \$1,478,825, while total net position was \$4,606,158 at the end of the current fiscal year. The net position of the Golf course/Clubhouse fund increased \$48,673 during the current fiscal year. This increase was due primarily to a decrease in water usage expenses of \$98,779 from conservation partially offset by a continued decrease in golf play and use of driving range.

General Fund Budgetary Highlights

In the General Fund, differences between the original budget and the final amended budget resulted in a net increase in appropriation of \$915,440 (net of prior year carryover of available and encumbered balances) and can be briefly summarized as follows:

- \$156,500 in increases allocated to various general government departments
- \$32,882 in increases allocated to the library department
- \$1,000 in increases allocated to the community services department
- \$351,725 in increases allocated to the development services department
- \$303,333 in increases allocated to public safety
- \$70,000 in increases allocated to public works department

The increase in various general government departments included \$100,000 for city hall interior, \$51,000 for computer and software, and \$5,000 for rose parade float funded from available fund balance. The increase in library department of \$32,882 was funded from donations made to the library. The increase in community services of \$1,000 was funded from donations for senior programs. The increase of \$351,725 in development services is for property related expenditures not included in original budget and funded by available fund balance. The increase of \$303,333 in public safety included \$52,090 for items funded from an urban area grant, \$72,343 for tactical equipment funded by a state grant, \$175,000 maintenance contract for fire equipment and \$3,900 for computer support services funded by available fund balance. The increase in public works department included \$55,000 for city hall landscaping funded by a water district grant and \$15,000 for watershed monitoring from available fund balance.

CITY OF ALHAMBRA

Management’s Discussion and Analysis

June 30, 2016

Also in the General Fund, differences between the final amended budget and the actual amounts for revenues, expenditures, and other financing sources and uses resulted in a net positive variance of \$6,479,757. General fund revenues accounted for a positive variance of \$3,474,628 resulting primarily from increased building permit revenue which has a positive variance of \$290,265, increased property tax having a positive variance of \$1,976,511, and increased plan check fees with a \$442,426 positive variance. The General Fund expenditures were under budget by \$3,259,654. Expenditures for building and planning under budget by \$707,150 due to general plan amendment budgeted but significant amount not completed and project is under budget. Capital outlay expenditures under budget by \$1,496,373 primarily due to catch basin insert project for current year not completed, unexpended grant awards, and various general government projects budgeted but not expended. There are various departments under budget and over budget which have occurred for a multitude of reasons but have resulted in a positive variance for the General Fund.

Capital Asset and Debt Administration

Capital Assets. The City’s investment in capital assets for its governmental and business-type activities amounts to \$189,069,004 (net of accumulated depreciation of \$109,495,479) as of June 30, 2016. This investment in capital assets includes land, buildings, improvements other than building, infrastructure (roads, sidewalks, land held under easement, streetlights, etc.), and machinery and equipment.

Capital Assets (Net of Accumulated Depreciation)						
June 30, 2016 and 2015						
	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 22,035,738	22,035,738	5,769,073	5,769,073	27,804,811	27,804,811
Buildings, structures, and improvements	60,286,999	61,959,263	11,481,174	11,820,087	71,768,173	73,779,350
Machinery and equipment	4,430,205	4,009,181	941,424	975,879	5,371,629	4,985,060
Utility systems	—	—	28,180,676	27,108,879	28,180,676	27,108,879
Infrastructure	49,862,027	51,045,382	—	—	49,862,027	51,045,382
Construction in progress	148,966	259,623	5,932,722	1,564,076	6,081,688	1,823,699
Total	\$ 136,763,935	139,309,187	52,305,069	47,237,994	189,069,004	186,547,181

Additional information on the City’s capital assets can be found in notes to the basic financial statements on pages 49 through 53 of this report.

Major capital asset events during the current fiscal year included the following:

Governmental activities

- Machinery and equipment additions include video system, phone system upgrade, vehicles, building automation system and other miscellaneous equipment. Deletions included vehicles and computer equipment.
- Construction in progress decreased due to catch basin insert project completed during fiscal year and increased due to picnic shelter project to be completed next fiscal year.
- Infrastructure additions and deletions included improvement and replacement of streets, sidewalks, alleys, and traffic signals..

CITY OF ALHAMBRA
Management's Discussion and Analysis
June 30, 2016

Business-type activities

- Utility systems additions and deletions included improvements in water lines and water reservoirs and pump stations.
- Construction in progress increased due sewer plant renovation and sewer main rehabilitation projects to be completed next fiscal year.

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$30,000,000. Of this amount, \$21,945,000 represents certificates of participation issued for various capital improvements including police facility and water treatment facility, \$6,340,000 represents lease revenue bonds for the construction of a parking structure, and \$1,715,000 represents special assessment bonds to finance public works maintenance and improvement projects. Additions to the City's long-term debt included net increase in OPEB liability of \$1,254,425 and pension liability of \$4,333,477. Deductions include net decrease in outstanding claims of \$780,508 and in benefits payable of \$267,419, and the repayment of outstanding principal totaling \$3,047,605.

Outstanding Debt
June 30, 2016 and 2015

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bonded indebtedness:						
Certificates of participation	\$ 12,965,000	14,145,000	8,980,000	9,690,000	21,945,000	23,835,000
Lease revenue bonds	6,340,000	6,460,000	—	—	6,340,000	6,460,000
Assessment district bonds	1,715,000	2,225,000	—	—	1,715,000	2,225,000
Other long-term debt:						
Capital lease obligations	316,289	420,265	17,144	22,386	333,433	442,651
Benefits payable	3,056,087	3,314,325	271,386	280,567	3,327,473	3,594,892
Pension liability	98,116,124	94,278,839	10,913,097	10,416,905	109,029,221	104,695,744
OPEB liability	7,773,795	6,801,750	1,135,976	853,596	8,909,771	7,655,346
Self insurance claims payable	11,519,250	12,299,758	—	—	11,519,250	12,299,758
Notes and loans payable	1,390,555	1,613,160	587,344	783,126	1,977,899	2,396,286
	<u>\$ 143,192,100</u>	<u>141,558,097</u>	<u>21,904,947</u>	<u>22,046,580</u>	<u>165,097,047</u>	<u>163,604,677</u>

Additional information on the City's debt can be found in notes to the basic financial statements on pages 55 through 60 of this report.

As of June 30, 2016 Standard & Poors credit market services has assigned a rating of "AA-" to the City. This rating has been lowered to "A+" on October 19, 2106 with the issuance of the Water System Revenue COPs.

CITY OF ALHAMBRA

Management's Discussion and Analysis

June 30, 2016

State statutes limit the amount of general obligations debt a governmental entity may issue to 15% of its total assessed valuation. The current debt limitation for the City is \$297,121,297. The City currently has no general obligation debt.

Next Year's Budget

The fiscal year 2016-2017 budget is basically a "hold the line" budget due to a nationwide slow economic recovery. However, as in past budgets, the City's emphasis is on future economic development efforts to continue to strengthen the City's revenue base despite the loss of redevelopment. The major thrust of the 2016-17 City of Alhambra Annual Budget is infrastructure improvements including water and sewer system improvements and enhancements, various street and traffic projects, public safety and golf course improvements. While the local economy is sluggish in its recovery, the City is "cautiously optimistic" and the budget projections for the fiscal year 2016-17 remain conservatively optimistic. Lastly the budget includes an increase to General Fund Reserves, no tax increases, no layoffs, no mandatory furloughs and no restrictions to on-going vital services.

Request for Information

This financial report is designed to provide a general overview of the City's finances for readers of the financial statements. Questions concerning any of the information in this report or request for additional financial information should be addressed to the Director of Finance, 111 South First Street, Alhambra, CA 91801.

Basic Financial Statements

CITY OF ALHAMBRA

Statement of Net Position

June 30, 2016

Assets	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 55,861,783	34,209,840	90,071,623
Restricted cash and investments	958,868	1,192,524	2,151,392
Accounts receivable	7,530,448	4,898,566	12,429,014
Loans receivable	209,134	—	209,134
Due from Successor Agency	5,195,215	—	5,195,215
Internal balances	3,368,698	(3,368,698)	—
Inventories	72,858	568,369	641,227
Prepaid items	47,054	23,233	70,287
Capital assets not being depreciated	22,184,704	11,701,795	33,886,499
Capital assets, net of accumulated depreciation	114,579,231	40,603,274	155,182,505
Total assets	210,007,993	89,828,903	299,836,896
Deferred outflow of resources:			
Deferred amounts from pensions	8,738,756	948,846	9,687,602
Liabilities			
Liabilities:			
Accounts payable	1,875,956	3,061,795	4,937,751
Accrued liabilities	2,553,729	14,231	2,567,960
Bond interest payable	444,013	147,210	591,223
Due to Successor Agency	771,931	—	771,931
Deposits	1,238,186	464,013	1,702,199
Retentions payable	56,252	114,079	170,331
Long-term liabilities:			
Due within one year	4,458,008	967,997	5,426,005
Due in more than one year	138,680,400	20,941,792	159,622,192
Total liabilities	150,078,475	25,711,117	175,789,592
Deferred inflow of resources:			
Deferred amounts from pensions	10,206,802	1,108,245	11,315,047
Deferred amount from bond refunding	1,653,049	—	1,653,049
Total deferred inflow of resources	11,859,851	1,108,245	12,968,096
Net Position			
Net position:			
Net investment in capital assets	117,400,979	44,495,807	161,896,786
Restricted for:			
Debt service	704,119	1,192,524	1,896,643
Law enforcement	1,479,304	—	1,479,304
Streets and transportation	16,422,774	—	16,422,774
Air quality	258,968	—	258,968
Community development	18,128	—	18,128
Capital improvements	258,333	—	258,333
Low and moderate housing	5,417,158	—	5,417,158
Unrestricted	(85,151,340)	18,270,056	(66,881,284)
Total net position	\$ 56,808,423	63,958,387	120,766,810

See accompanying notes to financial statements

CITY OF ALHAMBRA

Statement of Activities

Year ended June 30, 2016

	Expenses	Program revenues			Net (expenses) revenues and changes in net assets		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Functions/programs primary government:							
Governmental activities:							
General government	\$ 1,041,083	1,730,037	—	—	688,954	—	688,954
Public safety	42,918,861	4,848,663	1,178,607	—	(36,891,591)	—	(36,891,591)
Public works	7,006,245	686,121	1,916,204	1,116,073	(3,287,847)	—	(3,287,847)
Housing, health, and community development	8,487,433	2,878,375	4,513,485	—	(1,095,573)	—	(1,095,573)
Culture and recreation	9,052,940	769,481	179,578	—	(8,103,881)	—	(8,103,881)
Interest on long-term debt	1,135,837	—	—	—	(1,135,837)	—	(1,135,837)
Total governmental activities	<u>69,642,399</u>	<u>10,912,677</u>	<u>7,787,874</u>	<u>1,116,073</u>	<u>(49,825,775)</u>	<u>—</u>	<u>(49,825,775)</u>
Business-type activities:							
Water	16,311,997	15,662,647	—	—	—	(649,350)	(649,350)
Sewer and storm drain	3,263,093	5,007,289	—	233,000	—	1,977,196	1,977,196
Sanitation	8,618,426	8,733,400	—	—	—	114,974	114,974
Golf course/clubhouse	1,484,380	1,624,973	—	—	—	140,593	140,593
Total business-type activities	<u>29,677,896</u>	<u>31,028,309</u>	<u>—</u>	<u>233,000</u>	<u>—</u>	<u>1,583,413</u>	<u>1,583,413</u>
Total	\$ <u>99,320,295</u>	<u>41,940,986</u>	<u>7,787,874</u>	<u>1,349,073</u>	<u>(49,825,775)</u>	<u>1,583,413</u>	<u>(48,242,362)</u>
General revenues:							
Property taxes					17,221,634	—	17,221,634
Sales tax					16,811,427	—	16,811,427
Utility users tax					3,674,579	—	3,674,579
Franchise tax					1,634,312	—	1,634,312
Business license tax					1,733,813	—	1,733,813
Other taxes					966,689	—	966,689
Unrestricted intergovernmental					8,411,728	—	8,411,728
Unrestricted investment earnings					298,567	444,611	743,178
Miscellaneous					4,806,816	310,702	5,117,518
Transfers					868,057	(868,057)	—
Total general revenues and transfers					<u>56,427,622</u>	<u>(112,744)</u>	<u>56,314,878</u>
Special item:							
Sale of property					7,067,037	—	7,067,037
Change in net position					13,668,884	1,470,669	15,139,553
Net position – beginning of year					43,139,539	62,487,718	105,627,257
Net position – end of year					\$ <u>56,808,423</u>	<u>63,958,387</u>	<u>120,766,810</u>

See accompanying notes to financial statements

CITY OF ALHAMBRA
 Balance Sheet – Governmental Funds
 June 30, 2016

	<u>General</u>	<u>Special Revenue Fund Community Development Block Grant</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals Governmental Funds</u>
Assets				
Cash and investments	\$ 20,210,310	7,068,824	18,711,396	45,990,530
Restricted cash and investments	—	—	947,687	947,687
Receivables:				
Accounts	6,808,881	—	713,385	7,522,266
Loans	—	209,134	—	209,134
Due from other funds	2,355,839	—	85,272	2,441,111
Due from Successor Agency	208,594	—	4,986,621	5,195,215
Inventories	72,858	—	—	72,858
Prepaid items	47,054	—	—	47,054
Total assets	<u>\$ 29,703,536</u>	<u>7,277,958</u>	<u>25,444,361</u>	<u>62,425,855</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,109,610	4,956	364,599	1,479,165
Accrued liabilities	2,550,787	—	2,411	2,553,198
Due to other funds	24,880	—	298,556	323,436
Due to Successor Agency	771,931	—	—	771,931
Deposits	1,229,428	—	—	1,229,428
Retentions payable	—	27,895	28,357	56,252
Total liabilities	<u>5,686,636</u>	<u>32,851</u>	<u>693,923</u>	<u>6,413,410</u>
Deferred inflow of resources:				
Unavailable revenues	730,897	—	526,609	1,257,506
Fund balances:				
Nonspendable:				
Prepaid items	47,054	—	—	47,054
Due from Successor Agency	84,196	—	—	84,196
Inventories	72,858	—	—	72,858
Restricted for:				
Law enforcement	132,155	—	1,317,062	1,449,217
Streets and transportation	—	—	16,228,974	16,228,974
Air quality	—	—	258,968	258,968
Capital projects	—	—	258,333	258,333
Community development	—	7,245,107	18,120	7,263,227
Police facility	—	—	30,087	30,087
Debt service	—	—	704,119	704,119
Low and moderate housing	—	—	5,417,158	5,417,158
Committed for:				
Emergency reserve	8,727,546	—	—	8,727,546
Art in public places	389,537	—	—	389,537
Park projects	635,638	—	—	635,638
Assigned to:				
Continuing appropriations	1,200,000	—	—	1,200,000
Self-insurance fund	2,000,000	—	—	2,000,000
Catch basin improvements	526,320	—	—	526,320
Public safety capital outlay	1,615,000	—	—	1,615,000
Various capital improvements	797,263	—	109,764	907,027
Streets and transportation	954,823	—	—	954,823
Park improvements	2,850,000	—	—	2,850,000
City hall improvements	110,000	—	—	110,000
Technology upgrades	180,000	—	—	180,000
Library building repairs	750,000	—	—	750,000
General plan amendment	545,653	—	—	545,653
Retirement obligation prepayment	1,000,000	—	—	1,000,000
Unassigned	667,960	—	(118,756)	549,204
Total fund balances	<u>23,286,003</u>	<u>7,245,107</u>	<u>24,223,829</u>	<u>54,754,939</u>
Total liabilities and fund balances	<u>\$ 29,703,536</u>	<u>7,277,958</u>	<u>25,444,361</u>	<u>62,425,855</u>

See accompanying notes to financial statements

CITY OF ALHAMBRA

Balance Sheet – Governmental Funds (continued)

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position:

June 30, 2016

Fund balances of governmental funds	\$	54,754,939
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds.		135,355,589
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in governmental funds.		(35,589,770)
Accrued interest payable for the period between the interest payment date and the end of the fiscal year is not reported as a payable in governmental funds.		(444,013)
Governmental funds report premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position.		(1,599,357)
Internal service funds are used by management to charge the costs of the City's self-insured, compensated absences, and equipment operations to individual funds. A portion of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		(3,785,679)
Certain receivables recorded as unavailable revenue in governmental funds are recognized as revenue on the full-accrual basis, and therefore, are not reported as unavailable revenues in the statement of net position.		1,257,506
Pension related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amount effects only the government-wide statements for governmental activities:		
Deferred outflow of resources		8,624,298
Deferred inflows of resources		(10,073,119)
Pension liability		(91,691,971)
Net position of governmental activities	\$	<u>56,808,423</u>

CITY OF ALHAMBRA

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year ended June 30, 2016

	<u>General</u>	<u>Special Revenue Fund Community Development Block Grant</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals Governmental Funds</u>
Revenues:				
Taxes and assessments	\$ 37,146,275	—	5,974,100	43,120,375
Licenses and permits	2,541,139	—	—	2,541,139
Intergovernmental	9,182,895	756,119	7,154,358	17,093,372
Investment earnings	408,142	327,288	163,053	898,483
Charges for services	5,091,284	—	116,243	5,207,527
Fines and forfeitures	2,523,435	—	—	2,523,435
Other	3,774,200	—	230,589	4,004,789
Total revenues	<u>60,667,370</u>	<u>1,083,407</u>	<u>13,638,343</u>	<u>75,389,120</u>
Expenditures:				
Current:				
General government	649,203	—	—	649,203
Public safety	42,744,416	—	1,373,828	44,118,244
Public works	822,608	—	3,105,227	3,927,835
Housing, health, and community development	4,362,319	599,155	3,361,403	8,322,877
Culture and recreation	8,002,483	—	61,344	8,063,827
Capital outlay	842,240	495,213	1,450,411	2,787,864
Debt service:				
Principal retirement	241,253	—	1,895,328	2,136,581
Interest and fiscal charges	62,834	—	1,340,581	1,403,415
Total expenditures	<u>57,727,356</u>	<u>1,094,368</u>	<u>12,588,122</u>	<u>71,409,846</u>
Excess of revenues over expenditures	<u>2,940,014</u>	<u>(10,961)</u>	<u>1,050,221</u>	<u>3,979,274</u>
Other financing sources (uses):				
Transfers in	2,008,216	—	4,187,966	6,196,182
Transfers out	(1,955,402)	(101,186)	(3,114,727)	(5,171,315)
Sale of capital assets	12,746	—	2,017	14,763
Total other financing sources (uses)	<u>65,560</u>	<u>(101,186)</u>	<u>1,075,256</u>	<u>1,039,630</u>
Special item:				
Sale of property	—	7,067,037	—	7,067,037
Net change in fund balances	3,005,574	6,954,890	2,125,477	12,085,941
Fund balances at July 1	<u>20,280,429</u>	<u>290,217</u>	<u>22,098,352</u>	<u>42,668,998</u>
Fund balances at June 30	<u>\$ 23,286,003</u>	<u>7,245,107</u>	<u>24,223,829</u>	<u>54,754,939</u>

See accompanying notes to financial statements

CITY OF ALHAMBRA

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (continued)
Year ended June 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – governmental funds	\$ 12,085,941
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives, and reported as depreciation expense. This is the amount by which capital outlays of \$2,056,052 exceeded the disposition of capital assets net, of (\$320,163) and depreciation of (\$5,095,818) in the current period.	(3,359,929)
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	2,136,581
Proceeds of long-term debt is an other financing source in the governmental funds, but the receipt increases long-term liabilities in the statement of net position. Also, governmental funds report premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	228,589
Accrued interest payable for the period between the interest payment date and the end of the fiscal year is not reported as an expense in governmental fund statements. This difference between the prior year's accrued interest expense and the current year's accrued interest expense is reported in the statement of activities.	38,989
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,612,598)
Internal service funds are used by management to charge the costs of the City's self-insurance, compensated absences, and equipment operations to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities included in governmental activities.	23,825
Certain receivables recorded as unavailable revenue in governmental funds are recognized as revenue on the full-accrual basis, and therefore, are reported as revenues in the statement of activities.	(822,049)
Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflow of resources	<u>4,949,535</u>
Change in net position of governmental activities	<u><u>\$ 13,668,884</u></u>

CITY OF ALHAMBRA

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

General Fund

Year ended June 30, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$ 10,606,849	10,606,849	11,247,534	640,685
Sales tax	15,825,066	15,825,066	17,160,892	1,335,826
Public safety sales tax	835,502	835,502	733,687	(101,815)
Franchise tax	1,500,000	1,500,000	1,558,485	58,485
Business license tax	1,550,000	1,550,000	1,733,813	183,813
Documentary transfer tax	165,000	165,000	302,234	137,234
Utility users tax	4,100,000	4,100,000	3,674,579	(425,421)
Other	303,604	303,604	735,051	431,447
Total taxes	<u>34,886,021</u>	<u>34,886,021</u>	<u>37,146,275</u>	<u>2,260,254</u>
Licenses and permits:				
Building permits	676,000	676,000	966,265	290,265
Other	1,382,740	1,382,740	1,574,874	192,134
Total licenses and permits	<u>2,058,740</u>	<u>2,058,740</u>	<u>2,541,139</u>	<u>482,399</u>
Intergovernmental:				
State vehicle license	8,327,603	8,327,603	8,411,728	84,125
State police training grants	34,946	34,946	14,840	(20,106)
Homeland security grants	—	52,090	111,235	59,145
Federal summer food grant	200,000	200,000	81,467	(118,533)
Other	520,607	592,950	563,625	(29,325)
Total intergovernmental	<u>9,083,156</u>	<u>9,207,589</u>	<u>9,182,895</u>	<u>(24,694)</u>
Investment earnings:				
Investment income	268,325	268,325	355,791	87,466
Jail lease revenue	53,670	53,670	52,351	(1,319)
Total investment earnings	<u>321,995</u>	<u>321,995</u>	<u>408,142</u>	<u>86,147</u>
Charges for services:				
Zoning and subdivision	125,000	125,000	248,696	123,696
Plan checking fees	554,000	554,000	996,426	442,426
Paramedics	1,705,000	1,705,000	1,491,335	(213,665)
Other	1,754,158	1,790,940	2,354,827	563,887
Total charges for services	<u>4,138,158</u>	<u>4,174,940</u>	<u>5,091,284</u>	<u>916,344</u>
Fines and forfeitures	2,600,500	2,600,500	2,523,435	(77,065)
Interfund	3,500,000	3,500,000	3,500,000	—
Other	387,957	442,957	274,200	(168,757)
Total revenues	<u>56,976,527</u>	<u>57,192,742</u>	<u>60,667,370</u>	<u>3,474,628</u>

See accompanying notes to financial statements

CITY OF ALHAMBRA

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

General Fund

(Continued)

Year ended June 30, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget Positive (Negative)
Expenditures:				
Current:				
General government:				
City council	\$ 345,634	345,634	266,339	79,295
City manager	1,075,208	1,073,218	1,115,672	(42,454)
City clerk	627,762	627,762	535,384	92,378
Communications	191,857	191,857	181,416	10,441
Finance	1,669,003	1,704,993	1,737,671	(32,678)
City attorney	1,070,000	1,070,000	962,348	107,652
Personnel	405,741	405,741	454,371	(48,630)
General government buildings	331,971	330,834	307,705	23,129
General services	354,143	354,143	335,236	18,907
Community promotion	111,925	111,925	111,925	—
Marketing	221,172	215,172	157,156	58,016
Non-departmental	128,500	128,500	212,183	(83,683)
Cost allocation	(5,516,494)	(5,516,494)	(5,728,203)	211,709
Total general government	<u>1,016,422</u>	<u>1,043,285</u>	<u>649,203</u>	<u>394,082</u>
Public safety:				
Police	24,287,018	24,312,018	24,243,829	68,189
Police – public safety augmentation	491,627	491,627	446,386	45,241
Parking enforcement	1,740,188	1,740,188	1,642,325	97,863
Fire	15,905,266	16,007,088	16,076,874	(69,786)
Fire – public safety augmentation	148,917	148,917	146,779	2,138
Hazardous materials	55,933	55,933	56,876	(943)
Disaster preparedness	41,247	41,247	9,991	31,256
Hearing office	47,778	47,778	50,913	(3,135)
Animal control	107,065	107,065	70,443	36,622
Total public safety	<u>42,825,039</u>	<u>42,951,861</u>	<u>42,744,416</u>	<u>207,445</u>
Public works:				
Administration and engineering	651,022	721,022	822,608	(101,586)
Housing, health, and community development:				
Building and planning	4,144,765	4,496,490	3,789,340	707,150
Code enforcement	502,792	502,792	431,082	71,710
Stormwater environmental compliance	145,256	145,256	141,897	3,359
Total housing, health, and community development	<u>4,792,813</u>	<u>5,144,538</u>	<u>4,362,319</u>	<u>782,219</u>

CITY OF ALHAMBRA

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

General Fund

(Continued)

Year ended June 30, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget Positive (Negative)
Culture and recreation:				
Public library	\$ 2,999,350	3,024,232	2,677,993	346,239
Administration	700,741	709,091	701,076	8,015
Community services	708,653	700,653	653,028	47,625
Recreation services	798,730	801,730	826,534	(24,804)
Senior services	192,294	192,444	192,475	(31)
Park operations	2,275,705	2,273,205	2,135,714	137,491
Lunch program	195,976	195,976	163,273	32,703
Aquatics	269,059	269,059	303,471	(34,412)
Senior support	317,214	317,214	348,919	(31,705)
Total culture and recreation	<u>8,457,722</u>	<u>8,483,604</u>	<u>8,002,483</u>	<u>481,121</u>
Capital outlay:				
General government	461,715	591,352	196,618	394,734
Public safety	574,372	750,883	263,988	486,895
Public works	595,377	595,377	14,319	581,058
Housing, health, and community development	7,130	7,130	6,130	1,000
Culture and recreation	385,871	393,871	361,185	32,686
Total capital outlay	<u>2,024,465</u>	<u>2,338,613</u>	<u>842,240</u>	<u>1,496,373</u>
Debt service:				
Principal retirement	241,253	241,253	241,253	—
Interest and fiscal changes	62,834	62,834	62,834	—
Total debt service	<u>304,087</u>	<u>304,087</u>	<u>304,087</u>	<u>—</u>
Total expenditures	<u>60,071,570</u>	<u>60,987,010</u>	<u>57,727,356</u>	<u>3,259,654</u>
Excess (deficiency) of revenues over expenditures	<u>(3,095,043)</u>	<u>(3,794,268)</u>	<u>2,940,014</u>	<u>6,734,282</u>
Other financing sources (uses):				
Transfers in	2,275,487	2,275,487	2,008,216	(267,271)
Transfers out	(1,955,402)	(1,955,402)	(1,955,402)	—
Sale of property	—	—	12,746	12,746
Total other financing sources (uses)	<u>320,085</u>	<u>320,085</u>	<u>65,560</u>	<u>(254,525)</u>
Net change in fund balances	<u>(2,774,958)</u>	<u>(3,474,183)</u>	<u>3,005,574</u>	<u>6,479,757</u>
Fund balance at July 1	<u>20,280,429</u>	<u>20,280,429</u>	<u>20,280,429</u>	<u>—</u>
Fund balance at June 30	\$ <u>17,505,471</u>	<u>16,806,246</u>	<u>23,286,003</u>	<u>6,479,757</u>

See accompanying notes to financial statements

CITY OF ALHAMBRA

Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual

Community Development Block Grant Special Revenue Fund

Year ended June 30, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 1,788,605	1,788,605	756,119	(1,032,486)
Investment earnings	390,000	390,000	327,288	(62,712)
Total revenues	<u>2,178,605</u>	<u>2,178,605</u>	<u>1,083,407</u>	<u>(1,095,198)</u>
Expenditures:				
Current:				
Housing, health, and community development	968,442	968,442	599,155	369,287
Capital outlay	2,712,931	11,062,931	495,213	10,567,718
Total expenditures	<u>3,681,373</u>	<u>12,031,373</u>	<u>1,094,368</u>	<u>10,937,005</u>
Excess (deficiency) of revenues over expenditures	(1,502,768)	(9,852,768)	(10,961)	9,841,807
Other financing uses:				
Transfers out	(101,186)	(101,186)	(101,186)	—
Special item:				
Sale of property	—	—	7,067,037	7,067,037
Net change in fund balances	(1,603,954)	(9,953,954)	6,954,890	16,908,844
Fund balance at July 1	290,217	290,217	290,217	—
Fund balance at June 30	<u>\$ (1,313,737)</u>	<u>(9,663,737)</u>	<u>7,245,107</u>	<u>16,908,844</u>

See accompanying notes to financial statements

CITY OF ALHAMBRA

Statement of Net Position

Proprietary Funds

June 30, 2016

Assets	Enterprise funds				Total	Governmental Activities – Internal Service Funds
	Water	Sewer and storm drain	Sanitation	Golf course/ clubhouse		
Current assets:						
Cash and investments	\$ 16,948,431	16,289,217	972,067	125	34,209,840	9,871,253
Restricted cash and investments	537,663	—	—	—	537,663	8,758
Accounts receivable	3,267,483	745,932	828,925	56,226	4,898,566	8,182
Inventories	568,369	—	—	—	568,369	—
Prepaid items	23,233	—	—	—	23,233	—
Total current assets	21,345,179	17,035,149	1,800,992	56,351	40,237,671	9,888,193
Noncurrent assets:						
Restricted cash and investments	654,861	—	—	—	654,861	2,423
Capital assets:						
Land	1,923,817	169,595	—	3,675,661	5,769,073	237,950
Building, structures, and improvements	39,591,473	8,518,385	22,129	7,078,444	55,210,431	—
Machinery and equipment	2,282,734	1,218,382	766,108	60,032	4,327,256	6,222,368
Construction in progress	—	5,932,722	—	—	5,932,722	—
	43,798,024	15,839,084	788,237	10,814,137	71,239,482	6,460,318
Less accumulated depreciation	(9,849,810)	(3,617,128)	(738,321)	(4,729,154)	(18,934,413)	(5,051,972)
Total capital assets, net of accumulated depreciation	33,948,214	12,221,956	49,916	6,084,983	52,305,069	1,408,346
Total noncurrent assets	34,603,075	12,221,956	49,916	6,084,983	52,959,930	1,410,769
Total assets	55,948,254	29,257,105	1,850,908	6,141,334	93,197,601	11,298,962
Deferred outflow of resources:						
Deferred amount from pensions	710,467	109,389	128,990	—	948,846	114,458
Liabilities						
Current liabilities:						
Accounts payable	1,248,503	763,733	1,180,970	15,799	3,209,005	396,791
Accrued liabilities	12,247	964	1,020	—	14,231	531
Due to other funds	—	—	—	1,519,377	1,519,377	598,298
Compensated absences	21,708	1,851	3,185	—	26,744	327,149
Deposits	439,443	24,570	—	—	464,013	8,758
Retentions payable	4,401	109,678	—	—	114,079	—
Capital leases payable	2,736	2,736	—	—	5,472	—
Current portion – certificates of participation	740,000	—	—	—	740,000	—
Current portion – loan payable	195,781	—	—	—	195,781	—
Current portion – self insurance claims payable	—	—	—	—	—	1,892,104
Total current liabilities	2,664,819	903,532	1,185,175	1,535,176	6,288,702	3,223,631
Long-term liabilities (net of current portion)						
Capital leases payable	5,836	5,836	—	—	11,672	—
Certificates of participation	8,244,642	—	—	—	8,244,642	—
Compensated absences	198,567	16,929	29,146	—	244,642	2,728,938
Loan payable	391,563	—	—	—	391,563	—
Pension liability	8,116,126	1,282,929	1,514,242	—	10,913,297	1,276,848
OPEB liability	807,136	139,776	189,064	—	1,135,976	58,173
Self insurance claims payable	—	—	—	—	—	9,627,146
Total long-term liabilities	17,763,870	1,445,470	1,732,452	—	20,941,792	13,691,105
Total liabilities	20,428,689	2,349,002	2,917,627	1,535,176	27,230,494	16,914,736
Deferred inflow of resources:						
Deferred amount from pensions	829,819	127,766	150,660	—	1,108,245	133,683
Net Position (Deficits)						
Net Position (deficits)						
Net investment in capital assets	26,147,524	12,213,384	49,916	6,084,983	44,495,807	1,408,346
Restricted for:						
Debt service	1,192,524	—	—	—	1,192,524	—
Unrestricted (deficit)	8,060,165	14,676,342	(1,138,305)	(1,478,825)	20,119,377	(7,043,345)
Total net position (deficits)	\$ 35,400,213	26,889,726	(1,088,389)	4,606,158	65,807,708	(5,634,999)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(1,849,321)	
Net position of business-type activities					\$ 63,958,387	

CITY OF ALHAMBRA

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

Year ended June 30, 2016

	Enterprise funds				Total	Governmental Activities – Internal Service Funds
	Water	Sewer and storm drain	Sanitation	Golf course/ clubhouse		
Operating revenues:						
Charges for services	\$ 15,662,647	5,007,289	8,733,400	1,624,973	31,028,309	1,920,748
Self-insurance/compensated absences contributions	—	—	—	—	—	10,321,714
Other	—	233,000	—	—	233,000	—
Total operating revenues	15,662,647	5,240,289	8,733,400	1,624,973	31,261,309	12,242,462
Operating expenses:						
Purchase of water	1,584,391	—	—	—	1,584,391	—
Other water production	309,530	—	—	—	309,530	—
Water pumping, transmission, and distribution	2,140,676	—	—	—	2,140,676	—
General and administrative	10,253,706	—	—	—	10,253,706	—
Water quality and environmental	137,578	—	—	—	137,578	—
Water conservation	24,639	—	—	—	24,639	—
Sewer and storm maintenance	—	3,019,451	—	—	3,019,451	—
Sanitation	—	—	8,581,359	—	8,581,359	—
Recycling	—	—	33,025	—	33,025	—
Golf course	—	—	—	1,151,621	1,151,621	—
Golf course clubhouse	—	—	—	175,585	175,585	—
Claims and compensated absences expense	—	—	—	—	—	10,915,454
Vehicle expense	—	—	—	—	—	1,228,686
Depreciation	699,356	188,037	22,703	129,767	1,039,863	125,461
Total operating expenses	15,149,876	3,207,488	8,637,087	1,456,973	28,451,424	12,269,601
Operating income (loss)	512,771	2,032,801	96,313	168,000	2,809,885	(27,139)
Nonoperating revenues (expenses):						
Interest income	255,044	180,090	9,477	—	444,611	86,166
Interest expense	(406,740)	—	—	—	(406,740)	—
Gain (loss) on disposal of equipment	(70,828)	(27,681)	693	—	(97,816)	5,029
Other income	307,639	—	3,063	—	310,702	50,000
Other expense	(655,336)	—	—	—	(655,336)	—
Total nonoperating revenues (expenses)	(570,221)	152,409	13,233	—	(404,579)	141,195
Income (loss) before transfers	(57,450)	2,185,210	109,546	168,000	2,405,306	114,056
Transfers in	121,222	—	39,888	—	161,110	42,268
Transfers out	(587,250)	(307,592)	(14,998)	(119,327)	(1,029,167)	(199,078)
Change in net position	(523,478)	1,877,618	134,436	48,673	1,537,249	(42,754)
Net position at July 1	35,923,691	25,012,108	(1,222,825)	4,557,485		(5,592,245)
Net position at June 30	\$ 35,400,213	26,889,726	(1,088,389)	4,606,158		(5,634,999)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(66,580)	
Change in net position of business-type activities					\$ 1,470,669	

CITY OF ALHAMBRA
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2016

	Enterprise funds				Governmental Activities – Internal Service Funds	
	Water	Sewer and storm drain	Sanitation	Golf course/ clubhouse		Total
Cash flows from operating activities:						
Cash received from customers	\$ 15,460,122	4,771,493	8,724,836	1,704,390	30,660,841	12,317,358
Cash paid insurance premiums and self-insurance claims	—	—	—	—	—	(11,182,002)
Cash paid to suppliers for goods and services	(10,491,143)	(1,788,906)	(7,862,248)	(1,330,119)	(21,472,416)	(897,956)
Cash paid to employees for services	(4,027,831)	(549,372)	(730,301)	—	(5,307,504)	(589,138)
Cash paid for compensated absences claims	(211,044)	(25,248)	(23,102)	—	(259,394)	(545,296)
Cash received from lease revenues	88,434	233,000	—	—	321,434	—
Other operating cash received	218,739	—	3,063	—	221,802	50,000
Net cash provided by (used in) operating activities	<u>1,037,277</u>	<u>2,640,967</u>	<u>112,248</u>	<u>374,271</u>	<u>4,164,763</u>	<u>(847,034)</u>
Cash flows from noncapital financing activities:						
Cash paid on loans from other funds	—	—	—	(1,774,321)	(1,774,321)	(115,471)
Cash received on loans from other funds	—	—	—	1,519,377	1,519,377	—
Cash received on loans to other funds	—	—	—	—	—	598,298
Transfers from other funds	121,222	—	39,888	—	161,110	42,268
Transfers to other funds	(587,250)	(307,592)	(14,998)	(119,327)	(1,029,167)	(199,078)
Net cash provided by (used in) noncapital financing activities	<u>(466,028)</u>	<u>(307,592)</u>	<u>24,890</u>	<u>(374,271)</u>	<u>(1,123,001)</u>	<u>326,017</u>
Cash flows from capital and related financing activities:						
Acquisitions and construction of capital assets	(2,018,716)	(4,817,496)	—	—	(6,836,212)	(940,138)
Proceeds from sale of capital assets	—	—	693	—	693	5,029
Principal paid on certificates of participation and capital lease obligations	(908,402)	(2,621)	—	—	(911,023)	—
Interest paid on certificates of participation and capital lease obligations	(406,740)	—	—	—	(406,740)	—
Net cash used in capital and related financing activities	<u>(3,333,858)</u>	<u>(4,820,117)</u>	<u>693</u>	<u>—</u>	<u>(8,153,282)</u>	<u>(935,109)</u>
Cash flows from investing activities:						
Interest received	255,044	180,090	9,477	—	444,611	86,166
Net cash provided by investing activities	<u>255,044</u>	<u>180,090</u>	<u>9,477</u>	<u>—</u>	<u>444,611</u>	<u>86,166</u>
Net increase in cash and cash equivalents	(2,507,565)	(2,306,652)	147,308	—	(4,666,909)	(1,369,960)
Cash and cash equivalents at July 1	<u>20,648,520</u>	<u>18,595,869</u>	<u>824,759</u>	<u>125</u>	<u>40,069,273</u>	<u>11,252,394</u>
Cash and cash equivalents at June 30	<u>\$ 18,140,955</u>	<u>16,289,217</u>	<u>972,067</u>	<u>125</u>	<u>35,402,364</u>	<u>9,882,434</u>
Cash and investments	\$ 16,948,431	16,289,217	972,067	125	34,209,840	9,871,253
Restricted cash and investments	1,192,524	—	—	—	1,192,524	11,181
Total cash and cash equivalents	<u>\$ 18,140,955</u>	<u>16,289,217</u>	<u>972,067</u>	<u>125</u>	<u>35,402,364</u>	<u>9,882,434</u>
Noncash investing, capital, and financing activities:						
Increase in fair value of investments	32,103	30,737	1,661	—	64,501	—

See accompanying notes to financial statements

CITY OF ALHAMBRA

Statement of Cash Flows

Proprietary Funds

Year ended June 30, 2016

	<u>Water</u>	<u>Sewer and storm drain</u>	<u>Sanitation</u>	<u>Golf course/ clubhouse</u>	<u>Total</u>	<u>Governmental Activities – Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 512,771	2,032,801	96,313	168,000	2,809,885	(27,139)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	699,356	188,037	22,703	129,767	1,039,863	125,461
(Increase) decrease in accounts receivable	(202,525)	(235,796)	(8,564)	79,417	(367,468)	74,896
(Increase) decrease in inventories	(9,354)	—	—	—	(9,354)	—
(Increase) decrease in prepaid items	50	235	—	—	285	1,613
Increase (decrease) in accounts payable	(199,513)	614,973	36,097	(2,913)	448,644	39,795
Increase (decrease) in accrued liabilities	12,247	964	1,020	—	14,231	531
Increase (decrease) in self-insurance claims liability	—	—	—	—	—	(780,508)
Increase (decrease) in compensated absences	12,252	(13,599)	(7,834)	—	(9,181)	(258,238)
Increase (decrease) in pension liability	356,361	76,051	63,980	—	496,392	47,796
Increase (decrease) in OPEB liability	198,766	57,141	26,473	—	282,380	8,145
Increase (decrease) in deposits	25,468	—	—	—	25,468	(20,184)
Increase (decrease) in retentions payable	(9,297)	22,777	—	—	13,480	(1,832)
(Increase) decrease in deferred outflows	(74,827)	(11,521)	(13,585)	—	(99,933)	(12,055)
Increase (decrease) in deferred inflows	(591,651)	(91,096)	(107,418)	—	(790,165)	(95,315)
Other operating cash received	307,173	—	3,063	—	310,236	50,000
Total adjustments	<u>524,506</u>	<u>608,166</u>	<u>15,935</u>	<u>206,271</u>	<u>1,354,878</u>	<u>(819,895)</u>
Net cash provided by (used in) operating activities	\$ <u>1,037,277</u>	<u>2,640,967</u>	<u>112,248</u>	<u>374,271</u>	<u>4,164,763</u>	<u>(847,034)</u>

See accompanying notes to financial statements

CITY OF ALHAMBRA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	RDA Sucessor Agency Private Purpose Trust Fund
Assets	
Cash and investments	\$ 20,051,619
Restricted investments	3,436,071
Note receivable	2,650,000
Due from the City of Alhambra	771,931
Land held for resale	307,522
Capital assets not being depreciated	1,303,968
Capital assets, net of accumulated depreciation	<u>472,287</u>
Total assets	<u>28,993,398</u>
Liabilities	
Liabilities:	
Accounts payable	334,268
Due to the City of Alhambra	84,196
Due to governmental agencies	10,226,554
Advances from the City of Alhambra	5,111,019
Long-term liabilities:	
Due within one year	3,106,511
Due in more than one year	<u>19,470,539</u>
Total liabilities	<u>38,333,087</u>
Deferred inflow of resources:	
Gain on bond refunding	<u>403,998</u>
Net position:	
Held in trust for the retirement of obligations of the former Alhambra Redevelopment Agency	\$ <u><u>(9,743,687)</u></u>

Notes to Financial Statements

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

I Summary of Significant Accounting Policies

The City of Alhambra (City), incorporated in 1903, is a Charter City that operates under a Council-City Manager form of government.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America. The following is a summary of the more significant policies.

A. Reporting Entity

The City is a municipal corporation governed by an elected five-member council. As required by accounting principles generally accepted in the United States of America, the accompanying basic financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City. They are reported as part of and accountable to the City and blended into the government-wide and fund financial statements.

- The *Alhambra Parking Authority* (Parking Authority) is governed by a five-member board composed of City Council members. The Alhambra Parking Authority issued \$6,565,000 lease revenue bonds on October 17, 2013. Although it is a legally separate entity from the City, it is considered a component unit of the City because of its purpose to provide parking for the business community. The activities of the Authority exclusively benefit the City. The City has operational responsibility for the Authority. The financial transactions of the Authority are reported in the accompanying basic financial statements within the other governmental funds column. Separate financial statements are not issued.
- The *Alhambra Golf Course Clubhouse Corporation* (Clubhouse Corporation) is governed by a five-member board composed of City Council members. Although it is a legally separate entity from the City, the Clubhouse Corporation is reported as if it were part of the City because of its purpose to provide a Clubhouse complex for the City's Municipal golf course. As of June 30, 2016 there were no financial transactions to be reported in the accompanying basic financial statements. Separate financial statements are not issued.
- The *Alhambra Capital Improvements Corporation and the Alhambra Public Financing Corporation* are governed by a five-member board composed of City Council members. Although separate legal entities from the City, they are reported as if they were part of the City because of their purpose of providing a financing mechanism for capital projects for the City. The financial transactions of the Corporations are reported in the accompanying basic financial statements within the other governmental funds column. Separate financial statements are not issued.
- The *Alhambra Economic Development Corporation* is governed by a five-member board composed of City Council members. Although it is a legally separate entity from the City, the Alhambra Economic Development Corporation is reported as if it were part of the City because of its purpose to provide additional tools for economic development. Separate financial statements are not issued. The Corporation was dissolved in July 2015.

No entities have been excluded from the basic financial statements of the City for which there was a positive response to the reporting entity inclusion criteria.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

B. Government-Wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net position and statement of activities and report information on all of the primary government and its component units and excludes fiduciary funds. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. Exceptions to this general rule are charges between the City's Water Fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety, public works, housing, health and community development, culture and recreation, and general administrative support services. The business-type activities of the City include water, sewer and storm drain, sanitation, and golf course/clubhouse.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated based on the annual cost allocation plan. 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, including special assessments that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

Government funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Under the current financial resources measurement focus, revenues are recognized when they become measurable and available to finance operations during the current year. The term “available” is interpreted to mean collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (i.e., 60 days). The City regards property taxes, sales taxes, and other taxes collected by other governmental entities, but not yet remitted to the City, various billings for services rendered, and revenues from the use of money and property, as susceptible to accrual.

Under the modified-accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims (including workers’ compensation) and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital leases are reported as other financing sources.

Proprietary funds are accounted for on a flow of economic resources measurement focus and are maintained on the accrual basis of accounting. Revenues are recognized when they are earned, irrespective of when received, and expenses are recognized when they are incurred.

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 Enterprise Funds and of the City’s Internal Service Funds are charges to customers for sales and services. Operating expense 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. Unbilled service receivables of \$2,946,076 have been accrued at June 30, 2016.

The City considers the following funds as major government funds:

- *General Fund* – The General Fund is the City’s primary operating fund. It is used to account for resources traditionally associated with government which are not legally or by sound financial management to be accounted for in another fund.
- *Community Development Block Grant Special Revenue Fund* – It is used to account for the operations of the Community Development Block Grant Program. All revenues and expenditures of this fund are restricted to target areas projects as indicated by the HUD Committee and in accordance with federal regulations.

The City reports the following major proprietary funds:

- *Water Fund* – It is used to account for the operations of the City’s water utility. All activities necessary to provide this service are accounted for in this fund, including administration, operations, maintenance, capital improvement, billing, collection, and depreciation.
- *Sewer and Storm Drain Fund* – It is used to account for the provision of sewer and storm drain maintenance services to the residents of the City. All activities necessary to provide this service are accounted for in this fund including, but not limited to, operations, maintenance, capital improvements, and depreciation.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

- *Sanitation Fund* – It is used to account for the provision of sanitation, rubbish collection, and recycling services to the residents of the City. All activities necessary to provide this service are accounted for in this fund including, but not limited to, operations, contract costs, and depreciation.
- *Golf Course/Clubhouse Fund* – It is used to account for the operation of the City's golf course and clubhouse complex. All activities necessary to provide this service are accounted for in this fund including, but not limited to, operations, maintenance, administration, capital improvements, debt service, and depreciation.

The City's fund structure also includes the following fund types:

- *Special Revenue Funds* – are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.
- *Debt Service Funds* – are used to account for the collections, and payment of, resources used to repay long-term debt and related interest.
- *Capital Projects Funds* – are used to account for financial resources used for the acquisition or construction of major capital facilities.

The City reports Internal Service Funds, which account for equipment, self-insurance, and compensated absences that provide services to other departments of the City on a cost-reimbursement basis. The internal service funds are presented in a single combined column in the proprietary funds financial statements. Because the principal users of the internal service funds are the City's governmental entities, the assets and liabilities of the internal service funds are consolidated into the governmental activities column of the government-wide statement of net position.

Additionally, the City reports Fiduciary Fund Financial Statements (Private Purpose Trust Fund) which account for the non-housing related activities of the Successor Agency to the Alhambra Redevelopment Agency. Private-Purpose Trust Funds account for resources legally held in trust. These funds are accounted for on a capital maintenance measurement focus and are maintained on the accrual basis of accounting.

D. Pooled Cash and Investments

In order to maximize investment return, the City pools its available cash for investment purposes. The cash management pool is used essentially as a demand deposit account by the participating funds. Accordingly, the City has defined, for purposes of the preparation of its statements of cash flows, cash and cash equivalents as demand deposits, plus all investments maintained in the cash management pool, regardless of maturity period.

Interest and dividend income, realized gains and losses, and changes in fair value of investments arising from pooled cash and investments are normally apportioned to the participating funds based on the relationship of their respective monthly cash balances to the total pooled cash and investments, however the cash balances, of the Sanitation, Golf Course/Clubhouse, Capital Outlay; Health Insurance, Lighting and Landscape Maintenance, and the Transportation Capital Improvements funds are assigned directly to the General Fund.

The City's investments are stated at fair value, in accordance with GASB 72. Fair value is determined based upon market closing prices or bid/asked prices for regularly traded securities. The fair value of investment contracts are stated at cost and other investments are estimated based on similarly traded investments. The fair value of mutual funds, government-sponsored investment pools, and other similar investments is stated at share value, or appropriate allocation of fair value

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

of the pool, if separately reported. Certain money market investments with initial maturities at the time of purchase of less than one year are recorded at cost. The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current fiscal year may have been recognized as an increase or a decrease in fair value of investments reported in a prior year.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as *interfund receivables/interfund payables*, i.e., the current portion of interfund loans, or *advances to/from other funds*, the noncurrent portion of interfund loans. All other outstanding balances between funds are reported as *interfund receivables/interfund payables*. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as *internal balances*.

Advances between funds, as reported in the fund financial statements, are classified as either nonspendable fund balance in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources or they are restricted.

All accounts, notes, and loans receivable are shown net of an allowance for uncollectible accounts and estimated refunds due. As of June 30, 2016, the allowance for uncollectible accounts for governmental and business-type activities is \$10,150,212 and \$2,912, respectively.

F. Inventories

Inventories of the Enterprise Funds, consisting primarily of replacement parts, are recorded using the average-cost method. Inventories of the General Fund consist of expendable supplies held for consumption and are recorded using the average-cost method. Inventory is recorded as an expenditure at the time individual items are consumed.

G. Property Held for Resale

Property held for resale in the Special Revenue Funds represents property purchased by the City to be rehabilitated and sold to qualified buyers. Property held for resale is recorded at the lower of cost or estimated net realizable value. Estimated net realizable value is determined by an agreed-upon sales price with potential developers.

H. Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads, sidewalks, traffic lights and signals, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the governmental-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at fair value at the date of acquisition. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year ended June 30, 2016.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

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

Buildings	15 to 50 years
Structures and improvements	15 to 50 years
Utility systems	80 years
Infrastructure	11 to 85 years
Machinery and equipment	3 to 10 years

As a result of the implementation of GASB 34, the City is accounting for infrastructure assets on its government-wide financial statements. These statements include not only those infrastructure assets that were either completed during the current fiscal year or considered construction in progress at current fiscal year-end, but also those infrastructure assets completed prior to July 1, 2002.

I. Compensated Absences

It is the policy of the City to pay accumulated vacation and vested sick leave benefits to employees upon retirement or termination of employment. All vacation is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

The maximum accumulation of vacation is limited based on the employee's years of service with the City. Employees are paid 100% of their accumulated vacation pay when they terminate employment for any reason.

Employees may accumulate sick leave without limitation as to the number of hours. Accumulated sick leave is paid upon retirement for up to a maximum of 25 days of sick leave provided the employee has accumulated 100 days of sick leave, 15 years of service and hired prior to July 2, 1994.

J. Net Position and Fund Balances

In the government-wide financial statements and proprietary funds financial statements, net position are reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represent capital assets less accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets does not include the unspent proceeds of capital debt. Restricted net position represent net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments). All other net position is considered unrestricted.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund balances are reported in accordance with Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The fund balances reported on the fund statements consist of the following categories:

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

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

- *Restricted Fund Balance* – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- *Committed Fund Balance* – This classification includes amounts that can be used only for the specific purposes determined by a formal action (ordinance) of the government's highest level of decision-making authority. The City Council is considered the highest authority for the City. The limitation imposed remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.
- *Assigned Fund Balance* – This classification includes amounts to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The City Council has by resolution authorized the City Manager to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.
- *Unassigned Fund Balance* – This classification includes the residual balance for the government's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

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

At June 30, 2016, the City has, by ordinances adopted by the City Council, committed fund balance for use in emergencies or potential future revenue shortfalls of \$8,727,546, arts in public places program of \$389,537, and parks and recreation facilities of \$635,638.

K. Self-Insurance Programs

The City is self-insured for workers' compensation, general, automobile, and public liability claims. The City's estimated liability for claims as of June 30, 2016 is based on the independent claim manager's estimate of probable losses plus an amount estimated for incurred but not reported claims. An Internal Service Fund is used to account for the collection of premiums from various City departments related to workers' compensation claims and general claims liabilities. Premiums are established based on historical claims experience.

Additionally, the City is a member of the Independent Cities Risk Management Authority (ICRMA), which provides member cities with liability, property and workers compensation coverage. The coverage is provided through self-insurance or traditional purchase of insurance. Specific coverage for general liability includes comprehensive and general automotive liability, personal injury, contractual liability, errors and omissions and certain other coverage. Annual premium payments are paid by member cities and are adjusted retrospectively to cover costs. The City has a self-insured retention of \$250,000 for each general liability claim and is insured up to \$30 million per loss occurrence with ICRMA. The City has a self-insured retention of \$500,000 for

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

each workers compensation claim and is insured up to statutory limits per claim with ICRMA. (see notes IV.E and V.C.). There have been no settlements that exceeded insurance coverage in the last three years.

L. Property Taxes

The County of Los Angeles (County) has the responsibility for property tax and assessment levies and collections. The County's property tax calendar is July 1 to June 30. Property taxes attach as an enforceable lien on the property as of the preceding January 1. Property taxes are levied on or before the first business day of September of each year. Property tax bills, which include assessments, are due in equal installments on November 1 and February 1 and are delinquent with penalties after December 10 and April 10, respectively, of each property tax year. Delinquent property tax receivables are offset by unavailable revenue.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

N. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has only item that qualifies for reporting in this category, which is the deferred outflow related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows from unavailable revenues, which are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grants. These amount are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflow from gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflow related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans, which is 2.6 to 3 years.
- Deferred inflows from pensions resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the plans, which is 2.6 to 3 years.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

- Deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over five years.

O. Pensions:

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

P. 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 employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for periods beginning after June 15, 2016, and did not impact the City.

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.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

Pending Accounting Standards:

GASB has issued the following statements which may impact the City's financial reporting requirement 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 employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016.
- GASB 74 – “*Financial Reporting for Postemployment Benefit Plans Other Than Pensions 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 Extended Investment Pools and Pool Participants*”, the 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 ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

II Reconciliation of Fund Financial Statements to Government-Wide Financial Statements

Amounts reported for governmental activities in the statement of net position are different from those reported for governmental funds in the balance sheet. The following provides a reconciliation of those differences:

Assets	Total governmental funds	Long-term assets (1) and liabilities (2)	Total governmental activities Internal Service Fund (3)	Other adjustments and eliminations (4)	Statement of net position totals
Cash and investments	\$ 45,990,530	—	9,871,253	—	55,861,783
Restricted cash and investments	947,687	—	11,181	—	958,868
Receivables:					
Accounts	7,522,266	—	8,182	—	7,530,448
Loans	209,134	—	—	—	209,134
Due from other funds	2,441,111	—	1,849,321	(921,734)	3,368,698
Due from Successor Agency	5,195,215	—	—	—	5,195,215
Inventories	72,858	—	—	—	72,858
Prepaid items	47,054	—	—	—	47,054
Capital assets not being depreciated	—	21,946,754	237,950	—	22,184,704
Capital assets, net of accumulated depreciation	—	113,408,835	1,170,396	—	114,579,231
Total assets	\$ 62,425,855	135,355,589	13,148,283	(921,734)	210,007,993
Deferred outflow of resources					
Deferred amounts from pensions	—	—	114,458	8,624,298	8,738,756
Total assets and deferred outflow of resources	62,425,855	135,355,589	13,262,741	7,702,564	218,746,749
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,479,165	—	396,791	—	1,875,956
Accrued liabilities	2,553,198	—	531	—	2,553,729
Bond interest payable	—	—	—	444,013	444,013
Deposits	1,229,428	—	8,758	—	1,238,186
Retentions payable	56,252	—	—	—	56,252
Due to other funds	323,436	—	598,298	(921,734)	—
Due to Successor Agency	771,931	—	—	—	771,931
Long-term liabilities	—	127,228,049	15,910,359	—	143,138,408
Total liabilities	6,413,410	127,228,049	16,914,737	(477,721)	150,078,475
Deferred inflow of resources:					
Unavailable resources	1,257,506	—	—	(1,257,506)	—
Deferred amount from pensions	—	—	133,683	10,073,119	10,206,802
Deferred amount from bond refunding	—	—	—	1,653,049	1,653,049
Total fund balances/ net position	54,754,939	8,127,540	(3,785,679)	(2,288,377)	56,808,423
Total liabilities and fund balances/net position	\$ 62,425,855	135,355,589	13,262,741	7,702,564	218,746,749

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

(1)	Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the balance sheet	\$ 135,355,589
(2)	Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the balance sheet	
	Certificates of participation	\$ (12,965,000)
	Lease revenue bonds	(6,340,000)
	Deferred amount on bond issuance	53,692
	Assessment bonds	(1,715,000)
	Notes and loans payable	(1,390,555)
	Compensated absences	(3,056,087)
	Capital lease obligations	(316,289)
	Pension liability	(98,116,124)
	OPEB liability	(7,773,795)
	Self-insurance liabilities	(11,519,250)
	Internal Service Funds included in governmental activities	15,910,359
		\$ <u><u>(127,228,049)</u></u>
(3)	Internal Service Funds are used by management to charge the costs of the City's self-insurance, compensated absences, and equipment operations to individuals funds. The allocated assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position	\$ <u><u>(3,785,679)</u></u>
(4)	Other adjustments and eliminations	
	Accrued interest payable for the period between the interest payment date and the end of the fiscal year is not reported as a payable in governmental funds	\$ (444,013)
	Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds and recognized as revenues in the statement of activities	1,257,506
	Pension related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions and bond refunding are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:	
	Deferred outflow of resources - pension liability	8,624,298
	Deferred inflow of resources - pension liability	(10,073,119)
	Deferred inflow of resources - bond refunding	(1,653,049)
		\$ <u><u>(2,288,377)</u></u>

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

Amounts reported for business-type activities in the statement of net position are different from those reported for proprietary funds in the balance sheet. The following provides a reconciliation of those differences:

Assets	Total Enterprise Funds	Eliminations (1)	Statement of net position totals
Cash and investments	\$ 34,209,840	—	34,209,840
Restricted cash and investments	1,192,524	—	1,192,524
Accounts receivable	4,898,566	—	4,898,566
Due from other funds	—	(3,368,698)	(3,368,698)
Inventories	568,369	—	568,369
Prepaid items	23,233	—	23,233
Capital assets:			
Land	5,769,073	—	5,769,073
Building, structures, and improvements	55,210,431	—	55,210,431
Machinery and equipment	4,327,256	—	4,327,256
Construction in progress	5,932,722	—	5,932,722
	<u>112,132,014</u>	<u>(3,368,698)</u>	<u>108,763,316</u>
Less accumulated depreciation	<u>(18,934,413)</u>	<u>—</u>	<u>(18,934,413)</u>
Total capital assets, net of accumulated depreciation	<u>93,197,601</u>	<u>(3,368,698)</u>	<u>89,828,903</u>
Deferred outflow of resources:			
Deferred amount from pensions	<u>948,846</u>	<u>—</u>	<u>948,846</u>
Total assets and deferred outflow of resources	<u>94,146,447</u>	<u>(3,368,698)</u>	<u>90,777,749</u>
Liabilities and Net Position			
Accounts payable	3,223,236	—	3,223,236
Due to other funds	1,519,377	(1,519,377)	—
Deposits	464,013	—	464,013
Retentions payable	114,079	—	114,079
Long-term liabilities:			
Due within one year	967,997	—	967,997
Due in more than one year	20,941,792	—	20,941,792
Deferred inflow of resources:			
Deferred amount from pensions	<u>1,108,245</u>	<u>—</u>	<u>1,108,245</u>
Total liabilities and deferred inflow of resources	<u>28,338,739</u>	<u>(1,519,377)</u>	<u>26,819,362</u>
Total net position	<u>\$ 65,807,708</u>	<u>(1,849,321)</u>	<u>63,958,387</u>

- (1) The interfund payable resulting from a cash overdraft of \$1,519,377 between enterprise funds and governmental funds is being eliminated. Also, the costs in excess of charges to business-type activities from internal service funds is \$1,849,321.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

III Stewardship, Compliance, and Accountability

A. Budgetary Information

The City adheres to the following general procedures in establishing its annual budget, which is reflected in the accompanying basic financial statements:

- Annual budgets are adopted by the City Council and Agency Governing Board, which provide for the general operations of the City and Agency. Such budgets include estimated revenues and authorized appropriations for all Governmental Fund Types.
- The City Manager is authorized to transfer appropriations within any fund. Expenditures may not exceed appropriations at the fund total level without approval by the City Council/Agency Governing Board. The budgeted amounts used in the basic financial statements represent the final adjusted amounts, which were increased \$9,779,082 due to supplemental appropriations made by the City Council/Agency Governing Board during the year.
- The budget for all funds is formally integrated into the accounting system and employed as a management control device during the year.
- Budgets for Governmental Fund Types are adopted on a modified-accrual basis.
- Unexpended or unencumbered budget appropriations lapse at the end of the fiscal year. Encumbered appropriations are re-appropriated in the ensuing year's budget by action of the City Council/Agency Governing Board.

B. Deficit Fund Balances, Accumulated Deficits, and Budget Overages

The following funds had deficit fund balances or net deficits at June 30, 2016:

Other Governmental Funds:

Home and Rental Rehabilitation Fund - Special Revenue Fund	\$	37,639
Transportation Capital Improvement Fund - Special Revenue Fund		81,117

Enterprise Fund:

Sanitation Fund		1,088,389
-----------------	--	-----------

Internal Service Fund:

Self-Insurance		8,368,367
----------------	--	-----------

- The fund deficits in the Home and Rental Rehabilitation Fund and Transportation Capital Improvement Fund are expected to be eliminated through future grant revenues.
- The net deficit in the Sanitation Enterprise Fund is expected to be eliminated through future revenues and transfers from the General Fund.
- The net deficit in the Self-Insurance Internal Service Fund is not expected to be eliminated in the near future. It is anticipated when the City's financial situation improves future charges will be increased within City's operating departments and transfers from the General Fund.

The following fund had expenditures that exceeded appropriations at June 30, 2016:

Other Governmental Fund:

Police Facility Assessment Fund - Special Revenue Fund	\$	25,671
--	----	--------

- The over-expenditure in the Police Facility Assessment Fund was funded by available fund balance.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

IV Detailed Notes on all Funds

A. Cash and Investments

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

Statement of Net Position:	
Cash and investments	\$ 90,071,623
Restricted cash and investments	2,151,392
Total cash and investments	<u>\$ 92,223,015</u>

Cash and investments as of June 30, 2016 consist of the following:

Cash on hand	\$ 22,275
Deposits with financial institutions	3,318,468
Investments	88,882,272
Total cash and investments	<u>\$ 92,223,015</u>

1. Deposits

Custodial credit risk-deposits

In the case of deposits, this is the risk that in the event a bank failure, the government's deposits may not be returned to it. 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 fair value of pledged securities must equal at least 110% of a city's deposits. California law also allows financial institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. At June 30, 2016, the carrying amount of the City's restricted and unrestricted deposits (including cash and certificates of deposit) was \$3,318,468 while the corresponding bank balances were \$4,988,275, of which \$4,729,942 was covered by federal depository insurance or collateralized in accordance with state law. \$258,333 was held by bond trustee on behalf of the City under terms of the applicable trust agreement. The difference between the carrying amount of deposits and the corresponding bank balance is due to outstanding checks at year-end.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

2. Investments

The City’s investment policy, as approved by the City Council, authorizes the City to invest in certain types of investments as authorized by the California Government Code.

The table below identifies these *investment types* and the related maximum percentages by the California Government Code (or the City’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy, where more restrictive) that address *interest rate risk, credit risk, and concentration of credit risk*. This table does not address investments of debt proceeds held by bond trustee that are governed by the provision of debt agreements of the City, rather than the general provisions of the California Government Code or the City’s investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Securities	5 years	None	None
U.S. Government Agency Securities	5 years	50%	30%
Banker’s Acceptances	180 days	40%	5%
Commercial paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	30 days	None	5%
Medium-Term Notes	5 years	30%	5%
Receivable-Backed Securities	5 years	20%	5%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Funds (LAIF)	N/A	None	None

Investments authorized under debt agreements

Investments authorized for funds held by bond trustee include, U.S. Treasury Obligations, U.S. Government Sponsored Enterprise Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Bankers’ Acceptances, Money Market Mutual Funds, Repurchase Agreements, Investment Contracts and any other investments permitted by bond insurer and are legal investments under State laws. There were no limitations on the maximum amount that can be invested in one issuer or maximum percentage allowed, however the maximum maturity of an investment is five years, except for the maturity of Banker’s Acceptance and Certificates of Deposits which are limited to 30 days and Investment Contracts which are limited by agreement.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

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. In accordance with its policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to 24 months. Investments held by trustee are not subject to the 24 month maturity limitation.

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or less	13 to 24 Months	25 to 60 Months	More than 60 Months
U.S Government Sponsored Entity Securities	\$ 35,096,220			35,096,220	
Local Agency Investment Fund	49,843,393	49,843,393			
Money Market Funds	2,060,785	2,060,785			
Held by Bond Trustee:					
Money Market Funds	105,831	105,831			
Investment Agreements	1,776,043			647,000	1,129,043
Total	\$ 88,882,272	52,010,009	-	35,743,220	1,129,043

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City mitigates this risk by restricting investment to those meeting the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreement. The table below presents the minimum and the actual rating by Standards and Poor as of year end for each investment type:

Investment Type	Total	Minimal Legal Rating	Ratings as of Year End			
			AAA	AA+	AA-	Unrated
U.S Government Sponsored Entity Securities	\$ 35,096,220	N/A		35,096,220		
Local Agency Investment Fund	49,843,393	None				49,843,393
Money Market Funds	2,060,785	A	2,060,785			
Held by Bond Trustee:						
Money Market Funds	105,831	A	105,831			
Investment Agreements	1,776,043	N/A		1,129,043	647,000	
Total	\$ 88,882,272		2,166,616	36,225,263	647,000	49,843,393

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

Concentration of Credit Risk

The investment policy of the City contains no 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 (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total City investments.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To protect against fraud, embezzlement, or losses caused by collapse of individual securities dealers, all securities owned by the City (except for investments held by bond trustee) are held in safekeeping by the City's custodial bank or a third party bank trust department, acting as agent for the City under the terms of a custody agreement. Investments of \$1,881,874 were purchased and held by the bond trustee.

3. State Treasurer's Local Agency Investment Funds

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

4. Restricted Cash and Investments

Fiscal agents on behalf of the City hold and invest funds in the City's name from long-term debt issuances, including construction, debt service, and reserve fund balances. Fiscal agents are mandated by bond indenture as to the types of investments in which debt proceeds can be invested.

5. Fair Value Measurements

The City categorized its fair value measurements 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 the 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.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

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.

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 provider.

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

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's investment agreements are valued based at cost as these investments are not traded on and therefore are 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.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

Investment Type	Quoted Prices Level 1	Quoted Inputs Level 2	Unobservable Inputs Level 3	Total
U.S Government Sponsored Entity Securities	\$ -	35,096,220	-	\$ 35,096,220
Investment Agreements	-	-	1,776,043	1,776,043
Total Leveled Investments	\$ -	35,096,220	1,776,043	36,872,263
Local Agency Investment Fund*				49,843,393
Money Markey Mutual Funds*				2,060,785
Held by Fiscal Agent:				
Money Markey Mutual Funds*				105,831
Total Investment Portfolio			\$	88,882,272

*Not subject to fair value measurements

B. Receivables

Loans Receivables

The City granted loans to individuals for property rehabilitation. The terms of the loans do not require repayment until the sale of the related property and the stated interest rate is 5%. These loans are not forgivable. The loans receivable balance at June 30, 2016 is \$209,134.

The City also provides certain forgivable loans for the development and rehabilitation of low- and moderate-income housing and loans for first-time home buyers. The terms of these loans do not require payment unless the related property is sold and are to be forgiven if certain conditions met. The City records the loan receivable balances and an offsetting allowance for uncollectible accounts in the same amount as these loans are considered to be uncollectible.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

C. Capital Assets

Capital assets activity for the primary government for the year ended June 30, 2016 is as follows:

	<u>Balances at June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2016</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 22,035,738	—	—	22,035,738
Construction in progress	<u>259,623</u>	<u>148,966</u>	<u>(259,623)</u>	<u>148,966</u>
Total capital assets, not being depreciated	<u>22,295,361</u>	<u>148,966</u>	<u>(259,623)</u>	<u>22,184,704</u>
Capital assets, being depreciated:				
Buildings, structures, and improvements	88,332,982	89,969	—	88,422,951
Machinery and equipment	18,918,403	1,397,317	(489,361)	19,826,359
Infrastructure	<u>96,074,256</u>	<u>1,619,560</u>	<u>(902,829)</u>	<u>96,790,987</u>
Total capital assets, being depreciated	<u>203,325,641</u>	<u>3,106,846</u>	<u>(1,392,190)</u>	<u>205,040,297</u>
Less accumulated depreciation for:				
Buildings, structures, and improvements	(26,373,719)	(1,762,233)	—	(28,135,952)
Machinery and equipment	(14,909,222)	(976,293)	489,361	(15,396,154)
Infrastructure	<u>(45,028,874)</u>	<u>(2,482,752)</u>	<u>582,666</u>	<u>(46,928,960)</u>
Total accumulated depreciation	<u>(86,311,815)</u>	<u>(5,221,278)</u>	<u>1,072,027</u>	<u>(90,461,066)</u>
Total capital assets, being depreciated, net	<u>117,013,826</u>	<u>(2,114,432)</u>	<u>(320,163)</u>	<u>114,579,231</u>
Governmental activities	\$ <u><u>139,309,187</u></u>	<u><u>(1,965,466)</u></u>	<u><u>(579,786)</u></u>	<u><u>136,763,935</u></u>

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

	<u>Balances at June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2016</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 5,769,073	—	—	5,769,073
Construction in progress	1,564,076	4,642,596	(273,950)	5,932,722
Total capital assets, not being depreciated	<u>7,333,149</u>	<u>4,642,596</u>	<u>(273,950)</u>	<u>11,701,795</u>
Capital assets, being depreciated:				
Buildings, structures, and improvements	17,861,357	—	—	17,861,357
Utility systems	35,946,120	1,596,908	(193,954)	37,349,074
Machinery and equipment	4,111,666	239,892	(24,302)	4,327,256
Total capital assets, being depreciated	<u>57,919,143</u>	<u>1,836,800</u>	<u>(218,256)</u>	<u>59,537,687</u>
Less accumulated depreciation for:				
Buildings, structures, and improvements	(6,041,270)	(338,913)	—	(6,380,183)
Utility systems	(8,837,243)	(426,601)	95,446	(9,168,398)
Machinery and equipment	(3,135,785)	(274,349)	24,302	(3,385,832)
Total accumulated depreciation	<u>(18,014,298)</u>	<u>(1,039,863)</u>	<u>119,748</u>	<u>(18,934,413)</u>
Total capital assets, being depreciated, net	<u>39,904,845</u>	<u>796,937</u>	<u>(98,508)</u>	<u>40,603,274</u>
Business-type activities	<u>\$ 47,237,994</u>	<u>5,439,533</u>	<u>(372,458)</u>	<u>52,305,069</u>

Capital assets for Internal Service Funds included within governmental activities in the above table for the year ended June 30, 2016 is as follows:

	<u>Balances at July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2016</u>
Internal Service Funds included in governmental activities:				
Land	\$ 237,950	—	—	237,950
Machinery and equipment	5,446,920	940,138	(164,690)	6,222,368
Less accumulated depreciation for machinery and equipment	<u>(5,091,201)</u>	<u>(125,461)</u>	<u>164,690</u>	<u>(5,051,972)</u>
Total	<u>\$ 593,669</u>	<u>814,677</u>	<u>—</u>	<u>1,408,346</u>

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

The following table summarizes the changes in capital assets for the year ended June 30, 2016 for the water system network:

Water System Network:

<u>Capital Asset Type</u>	<u>Balance as of June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2016</u>
Land	\$ 1,923,817	—	—	1,923,817
Building	1,729,797	—	—	1,729,797
Structure and improvement	9,030,987	—	—	9,030,987
Water lines	17,286,119	1,268,786	(14,118)	18,540,787
Water reservoir and pump stations	7,216,246	328,122	(123,532)	7,420,836
Water wells	2,869,066	—	—	2,869,066
Machinery and equipment	1,102,976	9,519	—	1,112,495
Motor vehicle	1,139,336	30,903	—	1,170,239
Construction in progress	273,950	—	(273,950)	—
Less accumulated depreciation for water system network	<u>(9,217,277)</u>	<u>(699,356)</u>	<u>66,823</u>	<u>(9,849,810)</u>
Totals – net of accumulated depreciation	\$ <u>33,355,017</u>	<u>937,974</u>	<u>(344,777)</u>	<u>33,948,214</u>

The following table summarizes the changes in capital assets for the year ended June 30, 2016 for the storm drain and sewer system networks:

Storm Drain and Sewer System Network:

<u>Capital Asset Type</u>	<u>Balance as of July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2016</u>
Land	\$ 169,595	—	—	169,595
Storm drain line	1,410,513	—	—	1,410,513
Storm drain pump station	47,440	—	—	47,440
Storm drain catch basins	56,304	—	(56,304)	—
Sewer lines	5,920,149	—	—	5,920,149
Sewer lift and pump stations	1,140,283	—	—	1,140,283
Machinery and equipment	261,713	—	—	261,713
Motor vehicle	757,199	199,470	—	956,669
Construction in progress	1,290,126	4,642,596	—	5,932,722
Less accumulated depreciation for storm drain and sewer system network	<u>(3,457,714)</u>	<u>(188,037)</u>	<u>28,623</u>	<u>(3,617,128)</u>
Totals – net of accumulated depreciation	\$ <u>7,595,608</u>	<u>4,654,029</u>	<u>(27,681)</u>	<u>12,221,956</u>

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

The following table summarizes the changes in capital assets for the year ended June 30, 2016 for the Sanitation Fund:

Sanitation:

<u>Capital Asset Type</u>	<u>Balance as of July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2016</u>
Structure and improvement	\$ 22,129	—	—	22,129
Motor vehicles	790,410	—	(24,302)	766,108
Less accumulated depreciation for sanitation	(739,920)	(22,703)	24,302	(738,321)
Totals – net of accumulated depreciation	\$ <u>72,619</u>	<u>(22,703)</u>	<u>—</u>	<u>49,916</u>

The following table summarizes the changes in capital assets for the year ended June 30, 2016 for the golf course and clubhouse:

Golf course/Clubhouse:

<u>Capital Asset Type</u>	<u>Balance as of July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2016</u>
Land	\$ 3,675,661	—	—	3,675,661
Building – golf course	512,215	—	—	512,215
Clubhouse – golf course	5,557,319	—	—	5,557,319
Structure and improvements	1,008,910	—	—	1,008,910
Machinery and equipment	60,032	—	—	60,032
Less accumulated depreciation for golf course	(4,599,387)	(129,767)	—	(4,729,154)
Totals – net of accumulated depreciation	\$ <u>6,214,750</u>	<u>(129,767)</u>	<u>—</u>	<u>6,084,983</u>

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 175,671
Public safety	947,536
Public works	3,050,374
Culture and recreation	922,236
Internal service fund assets allocated to various functions based on usage	<u>125,461</u>
Total depreciation expense – governmental activities	<u><u>\$ 5,221,278</u></u>
Business-type activities:	
Water	\$ 699,356
Sewer and storm drain	188,037
Sanitation	22,703
Golf course/clubhouse	<u>129,767</u>
Total depreciation expense – business-type activities	<u><u>\$ 1,039,863</u></u>

The City has entered into contracts for the construction or renovation of the following projects:

	<u>Project authorization</u>	<u>Expended to date</u>	<u>Remaining commitment</u>
Property rehabilitation	\$ 162,650	146,165	16,485
Street improvements	33,220	—	33,220
Catch basin improvements	226,688	—	226,688
Park improvements	42,450	—	42,450
Golf course improvements	96,300	—	96,300
Water main replacement	2,033,686	570,968	1,462,718
Water well rehabilitation	39,600	—	39,600
Sewer main rehabilitation	<u>816,565</u>	<u>760,145</u>	<u>56,420</u>
	<u><u>\$ 3,451,159</u></u>	<u><u>1,477,278</u></u>	<u><u>1,917,461</u></u>

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

D. Interfund Accounts

Individual fund interfund receivables, payables, and transfers at June 30, 2016 are:

	<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 2,355,839	24,880	2,008,216	1,955,402
Community Development Block Grant Fund	—	—	—	101,186
Other Governmental Funds:				
Special Revenue Funds:				
Law Enforcement	—	11,432	—	—
TDA Bikeway	—	—	—	24,276
State Gas Tax	—	—	162,269	254,169
Measure R	—	—	11,833	—
Lighting and Landscape Maintenance	—	—	—	651,479
Police Facility Assessment	—	—	—	2,184,803
Home Fund	—	199,951	—	—
Housing Asset Fund	85,272	—	—	—
Transportation Capital Improvement	—	26,781	254,169	—
Debt Service Funds:				
Lighting and Sidewalk Construction	—	—	609,805	—
Police Facility	—	—	2,094,963	—
Parking Authority	—	—	411,869	—
Capital Projects Funds:				
Capital Outlay	—	60,392	643,058	—
Total other Governmental Funds	<u>85,272</u>	<u>298,556</u>	<u>4,187,966</u>	<u>3,114,727</u>
Enterprise Funds:				
Water	—	—	121,222	587,250
Sewer and Storm Drain	—	—	—	307,592
Sanitation	—	—	39,888	14,998
Golf Course/Clubhouse	—	1,519,377	—	119,327
Total Enterprise Funds	<u>—</u>	<u>1,519,377</u>	<u>161,110</u>	<u>1,029,167</u>
Internal Service Funds:				
Equipment	—	—	9,222	69,919
Self-Insurance	—	598,298	33,046	129,159
Total Internal Service Funds	<u>—</u>	<u>598,298</u>	<u>42,268</u>	<u>199,078</u>
Total	<u>\$ 2,441,111</u>	<u>2,441,111</u>	<u>6,399,560</u>	<u>6,399,560</u>

The outstanding interfund receivables and payable balances result primarily from temporary operating cash loans and from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers were used to 1) move revenues from the fund with collection authorization to the debt service fund as a debt service principal and interest payments become due, 2) move unrestricted revenues to finance various programs accounted for in other funds including amounts provided as subsidies or matching funds for various grant programs, and 3) move unrestricted general fund balance to various funds with deficit balances

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

E. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2016 were as follows:

	<u>Balances, June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances, June 30, 2016</u>	<u>Due within one year</u>
Governmental activities:					
Alhambra Capital Improvements Corporation – certificates of participation	\$ 14,145,000	—	(1,180,000)	12,965,000	1,260,000
Alhambra Parking Authority - lease revenue bonds	6,460,000	—	(120,000)	6,340,000	125,000
Less bond discount	(55,659)	1,967	—	(53,692)	—
Public works maintenance and improvement bonds	2,225,000	—	(510,000)	1,715,000	540,000
Notes and loans payable	1,613,160	—	(222,605)	1,390,555	231,369
Compensated absences	3,314,325	2,146,122	(2,404,360)	3,056,087	301,170
Capital lease obligations (IV.F.)	420,265	—	(103,976)	316,289	108,365
Pension liability (V.E.)	4,552,458	1,013,333	(358,523)	5,207,268	—
Pension liability (V.D.)	89,726,381	11,001,142	(7,818,667)	92,908,856	—
OPEB liability (V.F.)	6,801,751	1,133,953	(161,909)	7,773,795	—
Self-insurance liabilities	12,299,758	1,709,065	(2,489,573)	11,519,250	1,892,104
Subtotal governmental activities	<u>141,502,439</u>	<u>17,005,582</u>	<u>(15,369,613)</u>	<u>143,138,408</u>	<u>4,458,008</u>
Business-type activities:					
Water:					
Certificates of participation	9,690,000	—	(710,000)	8,980,000	740,000
Add bond premium	5,106	—	(464)	4,642	—
Compensated absences	208,023	223,294	(211,042)	220,275	21,708
Loan payable	783,126	—	(195,782)	587,344	195,781
Capital lease obligations (IV.F.)	11,193	—	(2,621)	8,572	2,736
Pension liability (V.E.)	464,955	136,357	(38,734)	562,578	—
Pension liability (V.D.)	7,294,810	894,400	(635,662)	7,553,548	—
OPEB liability (V.F.)	608,370	214,160	(15,394)	807,136	—
Sewer and storm drain:					
Capital lease obligations (IV.F.)	11,193	—	(2,621)	8,572	2,736
Compensated absences	32,379	11,649	(25,248)	18,780	1,851
Pension liability (V.E.)	83,710	44,471	(8,257)	119,924	—
Pension liability (V.D.)	1,123,168	137,709	(97,872)	1,163,005	—
OPEB liability (V.F.)	82,635	59,807	(2,666)	139,776	—
Sanitation:					
Compensated absences	40,165	15,268	(23,102)	32,331	3,185
Pension liability (V.E.)	125,840	26,839	(9,835)	142,844	—
Pension liability (V.D.)	1,324,422	162,385	(115,409)	1,371,398	—
OPEB liability (V.F.)	162,591	30,079	(3,606)	189,064	—
Subtotal business-type activities	<u>22,051,686</u>	<u>1,956,418</u>	<u>(2,098,315)</u>	<u>21,909,789</u>	<u>967,997</u>
Total long-term liabilities	<u>\$ 163,554,125</u>	<u>18,962,000</u>	<u>(17,467,928)</u>	<u>165,048,197</u>	<u>5,426,005</u>

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

Long-term liabilities at June 30, 2016 consist of:

(1) *Governmental Activities*

Bond and Certificate Indebtedness

- *Certificates of Participation* – In 1992, the Alhambra Capital Improvements Corporation issued \$27,000,000 serial and term certificates of participation maturing in increasing amounts from \$135,000 to \$2,000,000, plus interest at 4.80% to 6.75% through September 1, 2023. Certificates maturing on or after September 1, 2001 are subject to redemption at the option of the Corporation at a price of 102% to 100% of principal value. Debt service on the certificates is provided from a lease payment made by the City using monies collected from a Citywide Public Facility Assessment District. In August 2006, the City reoffered the outstanding balance of \$22,140,000 of the 1992 Certificates of Participation by the purchase of the outstanding certificates through redemption and the sale of the certificates and optional redemption rights to the underwriter resulting in a net gain of \$3,149,832 (net of issuance costs of \$1,000,168) to finance the acquisition and construction of certain public capital facilities. The interest rate on the reoffered Certificates remains unchanged. At June 30, 2016, \$12,965,000 was outstanding.
- *Lease Revenue Bonds* – In October 2013 the Alhambra Parking Authority, a nonprofit entity of the City, issued \$6,565,000 serial and term bonds, which mature in increasing amounts from \$105,000 to \$395,000, plus interest ranging from 2.0% to 5.0% through September 1, 2043. Bond proceeds are being used to fund the construction of a parking structure, fund reserve requirements, and pay costs of issuance. The bonds maturing on or after September 1, 2024 are subject to redemption at the option of the City at any time prior to the maturity date of the bonds without premium. The term bonds, maturing on September 1, 2033, September 1, 2038, and September 1, 2043 are subject to mandatory redemption. The City under a lease agreement shall make lease payments in amounts equal to the debt service on the bonds. At June 30, 2016, \$6,340,000 was outstanding.
- *Public Works Maintenance and Improvements Assessment District Refunding Bonds* – In 1994, the City issued \$8,300,000 serial and term refunding improvement bonds related to the Public Works Maintenance and Improvements Assessment District No. 1 to advance refund the 1986 \$9,930,000 improvement bonds. The bonds are secured by unpaid assessments of the assessment district and mature in increasing amounts from \$180,000 to \$605,000, plus interest at interest rates ranging from 3.5% to 6.125% through September 2, 2018. The bonds maturing on or after September 2, 2002 are subject to redemption at the option of the City at any time prior to the maturity date of the bonds at a price of 102% to 100% of principal value. The term bonds, maturing on September 2, 2018, are subject to mandatory redemption. Debt service payments are made from special assessment revenues and City General Fund contributions as necessary. At June 30, 2016, \$1,715,000 was outstanding.

Notes, Loans, and Other Long-Term Debt

- *Bank Notes Payable* – In December 2006, the City entered into an agreement with Banc of America Public Capital Corporation to fund the purchase of a new and upgraded heating, ventilation and air conditioning system for city facilities. Quarterly payments of \$70,496 at an interest rate of 3.88% are due through December 13, 2021. At June 30, 2016, \$1,390,555 was outstanding.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

(2) Business-type Activities

- *Water System Revenue Certificates of Participation* – In 2006 the Alhambra Capital Improvements Corporation, a nonprofit corporation of the City, issued \$14,735,000 serial certificates of participation, which mature in increasing amounts from \$340,000 to \$1,080,000, plus interest ranging from 4.0% to 4.5% through March 1, 2026. Certificate proceeds were used to fund the acquisition and construction of capital improvements, including but not limited to a water treatment facility, and to satisfy reserve requirements. The City under an installment purchase agreement shall make installment payments sufficient to service the debt. The payments are payable from water system net revenues. At June 30, 2016, \$8,980,000 was outstanding.
- *Loan Payable* – In August 2004, the City entered into an agreement with San Gabriel Valley Municipal Water District to fund the purchase of groundwater treatment equipment. The funds were received by the City in April 2006. Ten annual payments of \$195,781 at an interest rate of 0% are due beginning September 2009. At June 30, 2016, \$587,344 was outstanding.

In the opinion of the City’s management, the City has complied with all debt covenants.

(3) Compensated Absences

This represents all vested compensated absences of the City, which amounted to \$3,056,087 at June 30, 2016 for governmental activities and \$271,386 for business-type activities. Governmental compensated absences obligation is generally liquidated by the Compensated Absences Internal Service Fund.

(4) Self-Insurance Liability

Claims liability of \$11,519,250 reported in the Self-Insurance Internal Service Fund at June 30, 2016 is based on requirements of GASB Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund’s claims liability amount during the two fiscal years ended June 30, 2016 were:

	<u>2016</u>	<u>2015</u>
Balance, July 1	\$ 12,299,758	11,477,951
Claims and changes in estimates	1,709,065	2,461,046
Claim payments	(2,489,573)	(1,639,239)
Balance, June 30	<u>\$ 11,519,250</u>	<u>12,299,758</u>

CITY OF ALHAMBRA
Notes to Basic Financial Statements
June 30, 2016

(5) Future Minimum Debt Service Requirements

Annual debt service requirements to maturity are as follows:

Governmental Activities:

	Certificates of Participation and Lease Revenue Bonds		Assessment bonds		Notes and loans payable	
	Principal	Interest	Principal	Interest	Principal	Interest
Year ending June 30:						
2017	\$ 1,385,000	1,120,806	540,000	88,506	231,369	50,614
2018	1,470,000	1,029,231	570,000	54,512	240,478	41,506
2019	1,585,000	930,419	605,000	18,528	249,945	32,038
2020	1,720,000	822,656	—	—	259,785	22,119
2021	1,830,000	706,762	—	—	270,012	11,971
2022-2026	6,450,000	1,843,009	—	—	138,966	2,025
2027-2031	970,000	1,078,968	—	—	—	—
2032-2036	1,215,000	824,957	—	—	—	—
2037-2041	1,550,000	483,750	—	—	—	—
2042-2046	1,130,000	86,500	—	—	—	—
	<u>19,305,000</u>	<u>8,927,058</u>	<u>1,715,000</u>	<u>161,546</u>	<u>1,390,555</u>	<u>160,273</u>
Less bond discount	<u>(53,692)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 19,251,308</u>	<u>8,927,058</u>	<u>1,715,000</u>	<u>161,546</u>	<u>1,390,555</u>	<u>160,273</u>
	Others*		Total			
	Principal	Interest	Principal	Interest		
Year ending June 30:						
2017	\$ 2,000,469	12,153	4,156,838	1,272,079		
2018	112,958	7,560	2,393,436	1,132,809		
2019	94,966	3,448	2,534,911	984,433		
2020	—	—	1,979,785	844,775		
2021	—	—	2,100,012	718,733		
2022-2026	—	—	6,588,966	1,845,034		
2027-2031	—	—	970,000	1,078,968		
2032-2036	—	—	1,215,000	824,957		
2037-2041	—	—	1,550,000	483,750		
2042-2046	—	—	1,130,000	86,500		
Indeterminate	9,627,146	—	9,627,146	—		
Total	<u>11,835,539</u>	<u>23,161</u>	<u>34,246,094</u>	<u>9,272,038</u>		
Less bond discount	<u>—</u>	<u>—</u>	<u>(53,692)</u>	<u>—</u>		
	<u>\$ 11,835,539</u>	<u>23,161</u>	<u>34,192,402</u>	<u>9,272,038</u>		

* Others consist of capital leases and self-insurance liabilities.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

Business-type Activities:

	<u>Certificates of Participation</u>		<u>Others*</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ending June 30:						
2017	\$ 740,000	384,893	201,253	750	941,253	385,643
2018	770,000	355,293	201,491	512	971,491	355,805
2019	800,000	324,493	201,744	260	1,001,744	324,753
2020	835,000	290,893	—	—	835,000	290,893
2021	870,000	255,405	—	—	870,000	255,405
2022-2026	4,965,000	672,108	—	—	4,965,000	672,108
	<u>8,980,000</u>	<u>2,283,085</u>	<u>604,488</u>	<u>1,522</u>	<u>9,584,488</u>	<u>2,284,607</u>
Add bond premium	4,642	—	—	—	4,642	—
Total	<u>\$ 8,984,642</u>	<u>2,283,085</u>	<u>604,488</u>	<u>1,522</u>	<u>9,589,130</u>	<u>2,284,607</u>

* Others consist of loan payable, and capital leases.

(6) Pledged Revenue

The Water System Revenue Certificated of Participation outstanding is collateralized by the pledging of certain revenues. The amount and term of the remainder of this commitment is indicated in the debt service to maturity table presented in the accompanying notes. The purpose for which the proceeds of the debt issuance was utilized is disclosed in the debt description of the accompanying notes. For the current year, debt service payment as percentage of the pledged gross revenue (net of certain expenses where so required by the debt agreement) is indicated in the table below. This percentage approximates the relationship of the debt service of pledged revenues for the remainder of the term of the commitment. The City is required to maintain system net revenues during each fiscal year equal to at least 120% of the annual debt service in such fiscal year. During the current fiscal year this percentage was 131%

<u>Description of Pledged Revenue</u>	<u>Annual Amount of Pledged Revenue (net of expenses)</u>	<u>Annual Debt Service Payment</u>	<u>Pledged Revenue as a Percentage of Debt Service</u>
Water Revenues	\$ 1,774,810	\$ 1,116,740	159%

F. Lease Obligations

The City has entered into capital lease obligations for machinery and equipment purchased under financing leases. The leases require monthly payments of principal and interest, with interest rates ranging from 3.6% to 6.7%. The gross amount of the assets acquired under capital leases is \$716,973 and is classified as machinery and equipment within capital assets. The amortization of the leased assets included as part of depreciation expense and accumulated depreciation at June 30, 2016, is \$151,767.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

Future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2016 are:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Year ending June 30:		
2017	\$ 120,518	6,222
2018	120,518	6,222
2019	<u>98,414</u>	<u>6,222</u>
Total minimum lease payments	339,450	18,666
Less amount representing interest	<u>(23,161)</u>	<u>(1,522)</u>
Present value of future minimum lease payments	\$ <u><u>316,289</u></u>	<u><u>17,144</u></u>

The City is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected as capital assets. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of June 30:

Year ending June 30:	
2017	\$ 44,525
2018	26,054
2019	9,794
2020	9,794
2021	<u>9,794</u>
Total minimum payments required	\$ <u><u>99,961</u></u>

During the fiscal year, total rental expenditures for all operating leases were \$45,695.

V. Other Information

A. Litigation

In December 1995, the California Supreme Court upheld the constitutionality of Proposition 62, a 1986 initiative which required voter approval of all new or increased taxes. Since the City is a charter city, City management, based upon advice from counsel, believes the Court's ruling will not invalidate certain taxes previously collected by the City and disallow these taxes from being collected in the future. However, the likelihood and amount of such an adverse effect upon the financial position of the City, if any, is currently unknown and has not been reflected in the basic financial statements.

The City is a defendant in general damage and personal injury lawsuits and claims arising in the normal course of operations. In the opinion of City management, outside counsel, and the City Attorney, the potential liability to the City for such lawsuits and claims should not have a material adverse effect upon the financial condition of the various funds and account groups of the City beyond that already accrued for.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

B. Contingencies

No Commitment Debt

The City has issued the special obligations listed below that are payable solely out of revenues derived from the various projects financed by the bonds. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal of or interest on any bond; nor is the City in any manner obligated to make any appropriation for payment therefore:

- \$6,400,000 Alhambra Redevelopment Agency variable rate demand multifamily Housing Revenue Bonds Series 1999 (4th and Main Street Project). \$4,430,918 is outstanding at June 30, 2016.
- \$43,940,000 City of Alhambra Revenue Bonds Series 2010 A/B (Atherton Baptist Homes). \$28,230,000 is outstanding at June 30, 2016. In October 2016, the City issued \$31,390,000 Alhambra Revenue Bonds Series 2016 (Atherton Baptist Homes). The bonds were issued to refund the remaining amount of \$28,230,000 on the Series 2010 A/B Bonds.

C. Insurance Joint Powers Authority

The City is a member of the Independent Cities Risk Management Authority (ICRMA), a joint powers authority formed to enable individual cities to join together to obtain certain casualty and health insurance coverage's as a group, to self-insure, where necessary, and to obtain adequate liability and worker's compensation coverages at an affordable cost. ICRMA has 18 member cities at June 30, 2016 and each city appoints one member to the ICRMA Governing Board.

D. Public Employees' Retirement System

(a) General Information about the Pension Plans:

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City of Alhambra's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City of Alhambra resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of services. PEPRA miscellaneous members become eligible for service retirement is age 55 with at least 5 years of services. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2.7% @ 55	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	22.379%	22.379%

	<u>Safety</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%
Required employee contribution rates	9%	12%
Required employer contribution rates	39.977%	39.977%

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	292	257
Active employees	273	139
Inactive employees entitled to but not yet receiving benefits	<u>410</u>	<u>108</u>
Total	<u><u>975</u></u>	<u><u>504</u></u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

employees during the year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

(b) Net Pension Liability

The City of Alhambra’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.5%	7.5%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	(3)	(3)

- (1) Dependent on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The probabilities of mortality are derived using CalPERS’ membership data for all funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

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 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

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

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

Discount Rate

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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.

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+ (B)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

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

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

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

(c) Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan using the measurement date of June 30, 2015, are as follows:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 147,579,255	115,640,331	31,938,924
Changes in the year:			
Service Cost	2,731,960	-	2,731,960
Interest on the total pension liability	10,712,916	-	10,712,916
Difference between actual and expected	(3,570,385)	-	(3,570,385)
Change in assumptions	(2,687,738)	-	(2,687,738)
Change in benefit terms	-	-	-
Contribution - employer	-	3,043,790	(3,043,790)
Contribution - employee	-	1,273,242	(1,273,242)
Net Investment Income *	-	2,571,518	(2,571,518)
Benefit payments	(5,297,989)	(5,297,989)	-
Administrative Expense	-	(132,627)	132,627
Current Year Net Changes	1,888,764	1,457,934	430,830
Balance at June 30, 2015	\$ 149,468,019	117,098,265	32,369,754

* Total of Projected Earnings on Investments and Difference between projected and actual earnings on plan investments

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 234,608,105	167,078,248	67,529,857
Changes in the year:			
Service Cost	4,055,533	-	4,055,533
Interest on the total pension liability	17,120,226	-	17,120,226
Difference between actual and expected	(3,363,167)	-	(3,363,167)
Change in assumptions	(4,269,785)	-	(4,269,785)
Change in benefit terms	-	-	-
Contribution - employer	-	5,623,821	(5,623,821)
Contribution - employee	-	1,364,518	(1,364,518)
Net Investment Income *	-	3,645,321	(3,645,321)
Benefit payments	(10,418,211)	(10,418,211)	-
Administrative Expense	-	(188,049)	188,049
Current Year Net Changes	3,124,596	27,400	3,097,196
Balance at June 30, 2015	\$ 237,732,701	167,105,648	70,627,053

* Total of Projected Earnings on Investments and Difference between projected and actual earnings on plan investments

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City of Alhambra for each Plan, calculated using the discount rate for each Plan, as well as what the City of Alhambra’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 53,013,033	\$103,191,375
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 32,369,754	\$ 70,627,053
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 15,357,688	\$ 43,948,771

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

(d) Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City of Alhambra’s recognized pension expense of \$4,128,146. At June 30, 2016, the City of Alhambra reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 9,687,602	\$ —
Difference between actual and expected experience	—	(4,439,271)
Changes in assumptions	—	(4,500,516)
Net difference between projected and actual earnings on plan investments	—	(2,375,260)
Total	\$ 9,687,602	\$ (11,315,047)

\$9,687,602 reported as deferred outflows of resources related to 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 outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	
June 30	<u>Amount</u>
2017	\$ (6,756,512)
2018	(5,793,723)
2019	(1,805,222)
2020	3,040,410

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

(e) Payable to the Pension Plan

At June 30, 2016, the City of Alhambra reported a payable of \$991,940 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

E. Other Pension Benefits

(a) Plan Description

The City provides post-retirement benefits to retirees provided they have the requisite full-time years of service with the City combined with all previous years of service in other public agencies. The plan is a defined benefit plan established by the City of Alhambra. Retirees will receive the benefit in effect at the time of retirement. Retirees with 20 years of service currently would receive a benefit of up to \$400 a month and retirees with 25 years of service currently would receive a benefit of up to \$450. No separate financial statements are available for this plan. Government Net Pension is generally liquidated by the Self-Insurance Internal Service Fund.

(b) Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council and/or bargaining groups. Currently, contributions are not required from plan members. The City is currently funding these pension obligations on a pay-as-you-go basis. As of June 30, 2016, the City was providing benefits to 97 participants and recorded expenditures of \$415,349. Governmental Net Pension Obligation is generally liquidated by the Self-Insurance Internal Service Fund.

(c) Annual Pension Cost and Net Pension Obligation

The City's annual pension cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

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

Annual required contribution	\$	1,476,000
Interest on net pension obligation		199,000
Amortization on net pension obligation		<u>(454,000)</u>
Annual pension cost (expense)		1,221,000
Contributions made		<u>(415,349)</u>
Increase in net pension obligation		805,651
Net pension obligation - beginning of year		<u>5,226,963</u>
Net pension obligation - end of year	\$	<u><u>6,032,614</u></u>

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

(d) Three-Year Trend Information for the Plan

For fiscal year 2016, the City’s annual pension cost (expense) \$1,221,000 was equal to the ARC plus interest, less amortization of net pension obligation.

Fiscal Year ended June 30,	<u>Annual Pension Cost</u>	<u>Actual contributions</u>	<u>Percentage of annual Pension cost contributed</u>	<u>Net Pension obligation</u>
2016	\$ 1,221,000	\$ 415,349	34%	\$ 6,032,614
2015	1,162,000	399,159	34%	5,226,963
2014	1,060,000	402,064	38%	4,464,123

(e) Funded Status and Funding Progress

As of June 30, 2014, the most current actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$14,845,000 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,845,000. The covered payroll (annual payroll of active employees covered by the plan) was \$29,615,000 and the ratio of the UAAL to the covered payroll was 50.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents 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.

(f) 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 the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the June 30, 2014, actuarial valuation, the entry age normal method was used. The actuarial assumptions included, among others, a discount rate of 4% per annum, payroll increases of 3.25% per annum, general inflation of 3% per annum, and a healthcare cost trend rate of 7.5% and 7.8% for Non-medicare and Medicare, respectively, beginning in 2014, reduced annually to an ultimate rate of 5.0% after six years. The City’s unfunded actuarial accrued liability will be amortized as a level percentage of payroll over closed period of 30 years with a remaining amortization period of 23 years as of June 30, 2016.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

F. Postemployment Benefits Other than Pensions

(a) Plan Descriptions

In connection with the retirement benefits for employees described in Note V.D., the City provides post-retirement medical benefits to retirees through the California Public Employees' Retirement System Health Benefits program (the PERS Health program). The program is an agent multiple-employer defined benefit health care plan that provides healthcare insurance for eligible retirees. These benefits are available to employees who retire with the City at age 50 or older with at least 5 years of service or those who satisfy certain disability requirements. The City contributes \$125 toward the cost of medical coverage for the retiree until the retiree reached age 65 and become eligible for Medicare. After reaching age 65 and becoming eligible for Medicare, the retiree must join one of the Medicare Supplement coverage offers under the PERS Health program. The PERS Health Program does not issue a publicly available financial report.

The City also provides retired City Council persons who retire after 12 years of service on the City Council the same health coverage received by sitting City Council, but shall not be less than substantially the same health care received during the retirees tenure (City Council Plan). The City directly pays or reimburses the actual cost of health insurance premiums for the retired City Council person.

(b) Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council and/or bargaining groups. Currently, contributions are not required from plan members. The City is currently funding these OPEB obligations on a pay-as-you-go basis. For the year ended June 30, 2016, the City paid \$170,183 for the PERS Health Program and \$13,392 for the City Council Plan in health care costs for its retirees and their covered dependents. Governmental Net OPEB obligation is generally liquidated by the Self-Insurance Internal Service Fund.

(c) Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

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

	<u>PERS Health Program</u>	<u>City Council Plan</u>
Annual required contribution	\$ 1,612,000	\$ 188,000
Interest on net OPEB obligation	265,000	37,000
Amortization on net OPEB obligation	<u>(583,000)</u>	<u>(81,000)</u>
Annual OPEB cost (expense)	1,294,000	144,000
Contributions made	<u>(170,183)</u>	<u>(13,392)</u>
Increase in net OPEB obligation	1,123,817	130,608
Net OPEB obligation - beginning of year	<u>6,721,161</u>	<u>934,185</u>
Net OPEB obligation - end of year	<u>\$ 7,844,978</u>	<u>\$ 1,064,793</u>

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

(d) Three-Year Trend Information for the Plan

For fiscal year 2016, the City's annual OPEB cost (expense) \$1,800,000 was equal to the ARC plus interest, less amortization on net OPEB obligation.

PERS Health Program					
Fiscal Year ended June 30,	Annual OPEB Cost	Actual contributions	Percentage of annual OPEB cost contributed	Net OPEB obligation	
2016	\$ 1,294,000	\$ 170,183	13%	\$ 7,844,978	
2015	1,216,000	164,045	13%	6,721,161	
2014	1,357,000	158,003	12%	5,669,206	

City Council Plan					
Fiscal Year ended June 30,	Annual OPEB Cost	Actual contributions	Percentage of annual OPEB cost contributed	Net OPEB obligation	
2016	\$ 144,000	\$ 13,392	9%	\$ 1,064,793	
2015	140,000	12,925	9%	934,185	
2014	233,000	44,390	19%	807,110	

(e) Funded Status and Funding Progress

PERS Health Program - As of June 30, 2014, the most current actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$13,505,000 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,505,000. The covered payroll (annual payroll of active employees covered by the plan) was \$29,615,000 and the ratio of the UAAL to the covered payroll was 45.7%.

City Council Plan - As of June 30, 2014, the most current actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,009,000 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,009,000. The covered payroll (annual payroll of active employees covered by the plan) was \$55,000 and the ratio of the UAAL to the covered payroll was 1,940%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents 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.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

(f) 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 the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the June 30, 2014, actuarial valuation, the entry age normal method was used. The actuarial assumptions included, among others, a discount rate of 4% per annum, payroll increases of 3.25% per annum, general inflation of 3% per annum, and a healthcare cost trend rate of 7.5% and 7.8% for Non-medicare and Medicare, respectively, beginning in 2014, reduced annually to an ultimate rate of 5.0% after six years. The City's unfunded actuarial accrued liability will be amortized as a level percentage of payroll over closed period of 30 years with a remaining amortization period of 23 years as of June 30, 2016.

G. Defined Contribution Plan

The City provides pension benefits for all of its part-time employees not covered by PERS through the Public Agency Retirement Systems (PARS). This is a defined contribution plan created in accordance with Internal Revenue Code Sections 401(a) and 501 and administered by Phase II Systems. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City Council has the authority to establish and amend the plan provisions.

Employees are eligible to participate from the date of employment. The plan agreement requires that both the employee and the City contribute an amount equal to 3.75% of the employee's earnings. The City's contributions for each employee are fully vested. Contribution requirements are established and may be amended by the City Council.

The City's payroll for employees covered by the plan for the year ended June 30, 2016 was \$932,579 and the City's total payroll for the year was \$34,852,518. Both the City and the covered employees made the required 3.75% contributions amounting to \$34,973 from each source, or \$69,946 in total.

H. Deferred Compensation Plans

The City offers its regular full-time employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan permits eligible employees to defer a portion of their salary until future years so as to shelter such funds from federal and state taxation until withdrawal, usually during their retirement years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in a custodial account for the exclusive benefit of the employee participants and their beneficiaries.

While the City has full power and authority to administer and to adopt rules and regulations for the plan, all investment decisions under the plan are the responsibility of the plan participants. The City has no liability for losses under the plan, but does have the duty of due care that would be required

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

of an ordinary prudent investor. Under certain circumstances, employees may modify their arrangements with the plan to provide for greater or lesser contributions or to terminate their participation. If participants retire under the plan or terminate service with the City, they may be eligible to receive payments under the plan in accordance with provisions thereof. In the event of serious financial emergency, the City may approve, upon request, withdrawals from the plan by the participants, along with their allocated contributions. As of June 30, 2016, deferred compensation assets are \$20,949,404 and have been excluded from the City's financial statements.

I. Joint Venture

The City is a participant with the County of Los Angeles, California State University at Los Angeles, City of Los Angeles, and the City of Monterey Park in a joint venture to operate the Cal State LA Metrolink Station. The Cal State LA Metrolink Station Authority (the Authority), a joint powers authority, was created to operate and maintain a Metrolink station located adjacent to the California State University at Los Angeles. On dissolution of the Authority, the net assets will be distributed based on each entity's proportion of their respective contributions during the preceding 12 months. As of June 30, 2016, the respective contributions were as follows:

County of Los Angeles	25.0%
Cal State University at LA	17.5%
City of Alhambra	22.5%
City of Los Angeles	22.5%
City of Monterey Park	12.5%

Each entity is obligated to contribute annually the above percentages of the Authority's budget. The City's equity interest in the Authority is \$20,754 at June 30, 2016. Complete financial statements for the Authority can be obtained from the City of Alhambra, 111 South First Street, Alhambra, California 91801.

J. Other Information

In May 2016 the Successor Agency to the City of Alhambra Redevelopment Agency sold the Fremont Plaza Retail Project as directed by the State of California as part of the dissolution of the Redevelopment Agency (see Note L.) The Community Development Block Grant Special Revenue Fund's share of proceeds was \$7,067,037 (see Note M. 5). This transaction is reported as a special item.

K. Subsequent Events

On November 15, 2016, the City issued \$7,225,000 of Certificates of Participation, Water Refunding Bonds, Series 2016 to refinance \$8,980,000 outstanding on the City's \$14,735,000 Water System Revenue Certificate of Participation, Series 2006. The interest rate on the Certificates range from 2.0 – 5.0 percent and the maturity date is March 1, 2025.

Other events occurring after June 30, 2016 have been evaluated for possible adjustments to the financial statements or disclosure as of December 27, 2016, which is the date these financial statements were available to be issued.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

L. Recent Changes in Legislation Affecting California Redevelopment Agencies

Under the Dissolution Act, each California redevelopment agency (each a “Dissolved RDA”) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 9, 2012, the City elected to serve as the Successor Agency of the Alhambra Redevelopment Agency.

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

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA’s housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The City of Alhambra elected on January 9, 2012 to serve as the Housing Successor Agency.

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Housing Asset special revenue fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller (the “CAC”), the California Department of Finance (the “DOF”) and the California State Controller’s office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs. SB 107, passed on September 22, 2015 made technical and substantive amendments to the Dissolution Act.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the “RPTTF”) for each Successor Agency and depositing into the RPTTF the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency the amounts due on the Successor Agency’s enforceable obligations.

The Successor Agency is required to prepare a recognized obligation payment schedule (the “ROPS”) approved by the oversight board setting forth the amounts due for each enforceable obligation. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

As part of the dissolution process AB1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

October 12, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. These funds were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. The Successor Agency made payments totaling \$7,826,959 to the CAC as a result of the due diligence reviews.

The DOF issued a Finding of Completion on April 26, 2013 in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews.

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency.

The State Controller of the State of California reviewed the property transfers of assets between the Dissolved RDA and other public bodies that occurred after January 1, 2011. On July 31, 2014, the State Controller issued their report to the City of Alhambra. The review found the Alhambra Redevelopment Agency transferred assets after January 1, 2011, including unallowable transfers to the City. However, the review also found in June 30, 2012, the City had returned property and cash to the Successor Agency and therefore no further action was necessary.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

M. Successor Agency Disclosures

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency to the City of Alhambra Redevelopment Agency on February 1, 2012 as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosure related to the certain assets and long-term liabilities are as follows:

1. Cash and investments

Cash and investments as of June 30, 2016 consist of the following:

Deposits with financial institutions	\$	20,051,619
Investments held by Bond Trustee		3,436,071
Total cash and investments	\$	<u>23,487,690</u>

a. Deposits

Custodial credit risk-deposits

In the case of deposits, this is the risk that in the event a bank failure, the government's deposits may not be returned to it. 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 fair value of pledged securities must equal at least 110% of a city's deposits.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

California law also allows financial institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of a city’s total deposits. At June 30, 2016, the carrying amount of the Successor Agency’s restricted and unrestricted deposits (including cash and certificates of deposit) was \$20,051,619, while the corresponding bank balance was \$21,238,953; and was entirely covered by federal depository insurance or collateralized in accordance with state law. The difference between the carrying amount of deposits and the corresponding bank balance is due to outstanding checks at year-end.

b. Investments

The Successor Agency follows the investment policy of the City. The investment policy as approved by the City Council, authorizes the City to invest in certain types of investments as authorized by the California Government Code.

The table below identifies these *investment types* and the related maximum percentages by the California Government Code (or the City’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy, where more restrictive) that address *interest rate risk*, *credit risk*, and *concentration of credit risk*. This table does not address investments of debt proceeds held by bond trustee that are governed by the provision of debt agreements of the City, rather than the general provisions of the California Government Code or the City’s investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Securities	5 years	None	None
U.S. Government Agency Securities	5 years	50%	30%
Banker’s Acceptances	180 days	40%	5%
Commercial paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	30 days	None	5%
Medium-Term Notes	5 years	30%	5%
Receivable-Backed Securities	5 years	20%	5%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Funds (LAIF)	N/A	None	None

Investments authorized under debt agreements

Investments authorized for funds held by bond trustee include, U.S. Treasury Obligations, U.S. Government Sponsored Enterprise Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Bankers’ Acceptances, Money Market Mutual Funds, Repurchase Agreements, Investment Contracts and any other investments permitted by bond insurer and are legal investments under State laws. There were no limitations on the maximum amount that can be invested in one issuer or maximum percentage allowed, however the maximum maturity of an investment is five years, except for the maturity of Banker’s Acceptance and Certificates of Deposits which are limited to 30 days and Investment Contracts which are limited by agreement.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

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. In accordance with its policy, the Successor Agency manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to 24 months. Investments held by trustee are not subject to the 24 month maturity limitation.

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity</u> <u>12 months or less</u>
Held by Bond Trustee:		
Money Market Funds	\$ 3,436,071	\$ 3,436,071

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Successor Agency mitigates this risk by restricting investment to those meeting the minimum rating required by (where applicable) the California Government Code, the City’s investment policy, or debt agreement. The table below presents the minimum and the actual rating by Standards and Poor as of year-end for each investment type:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum</u> <u>Legal</u> <u>Rating</u>	<u>Rating as of</u> <u>Year End</u> <u>AAA</u>
Held by bond trustee:			
Money Market Funds	\$ 3,436,071	A	\$ 3,436,071

Concentration of Credit Risk

The investment policy of the Agency contains no 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 (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total Successor Agency investments.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To protect against fraud, embezzlement, or losses caused by collapse of individual securities dealers, all securities owned by the Successor Agency (except for investments held by bond trustee) are held in safekeeping by the Successor Agency’s custodial bank or a third party bank trust department, acting as agent for the Successor Agency under the terms of a custody agreement. Investments of \$3,436,071 were purchased and held by the bond trustee.

Fair Value Measurements

The Successor Agency’s investment in money market mutual funds are not subject to fair value hierarchy.

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

c. Restricted Cash and Investments

Fiscal agents on behalf of the Successor Agency hold and invest funds in the Successor Agency's name from long-term debt issuances, including construction, debt service, and reserve fund balances. Fiscal agents are mandated by bond indenture as to the types of investments in which debt proceeds can be invested.

2. Notes Receivables

To enhance the redevelopment process, loans were made for the development of commercial properties. The nature of these notes is such that ultimate collectability may be in question. The terms of most of the notes do not require repayment until certain conditions are met or may be forgiven after a number of years. The timing of these conditions is generally indeterminate (e.g., upon sale of the related property) or not scheduled for 10 to 20 years in the future. Accordingly, the total notes receivable balance at June 30, 2016 is \$2,650,000.

3. Capital Assets

The capital assets of the Successor at June 30, 2016 were as follows:

	<u>Balances at July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2016</u>
Capital assets, not being depreciated:				
Land	\$ 5,016,730	—	(3,712,762)	1,303,968
Total capital assets, not being depreciated	<u>5,016,730</u>	<u>—</u>	<u>(3,712,762)</u>	<u>1,303,968</u>
Capital assets, being depreciated:				
Buildings, structures, and improvements	6,624,523	—	(5,741,184)	883,339
Machinery and equipment	15,000	—	—	15,000
Total capital assets, being depreciated	<u>6,639,523</u>	<u>—</u>	<u>(5,741,184)</u>	<u>898,339</u>
Less accumulated depreciation for:				
Buildings, structures, and improvements	(2,501,677)	(148,438)	2,239,063	(411,052)
Machinery and equipment	(15,000)	—	—	(15,000)
Total accumulated depreciation	<u>(2,516,677)</u>	<u>(148,438)</u>	<u>2,239,063</u>	<u>(426,052)</u>
Total capital assets, being depreciated, net	<u>4,122,846</u>	<u>(148,438)</u>	<u>(3,502,121)</u>	<u>472,287</u>
Total	\$ <u><u>9,139,576</u></u>	<u><u>(148,438)</u></u>	<u><u>(7,214,883)</u></u>	<u><u>1,776,255</u></u>

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

4. Long-Term Liabilities

The long-term liabilities of the Successor at June 30, 2016 were as follows:

	Balances, July 1, 2015	Additions	Retirements	Balances, June 30, 2016	Due within one year
Tax allocation refunding bonds	\$ 22,800,000	—	(2,815,000)	19,985,000	2,935,000
Add bond premium	1,947,967	—	(315,887)	1,632,080	—
	<u>24,747,967</u>	<u>—</u>	<u>(3,130,887)</u>	<u>21,617,080</u>	<u>2,935,000</u>
Contractual obligations	1,666,067	—	(706,097)	959,970	171,511
	<u>1,666,067</u>	<u>—</u>	<u>(706,097)</u>	<u>959,970</u>	<u>171,511</u>
Total long-term liabilities	\$ <u>26,414,034</u>	<u>—</u>	<u>(3,836,984)</u>	<u>22,577,050</u>	<u>3,106,511</u>

Tax Allocation Bonds

- In December 2013, the Successor Agency issued \$25,180,000 tax allocation refunding bonds, which mature in amounts from \$2,380,000 to \$3,995,000, plus interest at 3.0% to 5.0% through September 1, 2021. Bond proceeds were used to refund the remaining outstanding amounts of \$18,505,000 on the \$38,070,000 Tax Allocation Refunding Bonds, Series 2003, \$10,670,000 on the \$15,445,000 Tax Allocation Bonds, Series 2005A, and \$4,080,000 on the \$7,215,000 Tax Allocation Bonds, Series 2005B. The refunding resulted in an economic gain (difference between present value of the debt service payments on the old and new debt) of \$1,744,891 and a reduction in total debt service payments of \$2,493,174. As of June 30, 2016 all refunded bonds have been redeemed.

The Bonds are not subject to optional redemption at the option of the Successor Agency or mandatory sinking fund redemption. At June 30, 2016, \$19,985,000 was outstanding.

The bonds were issued pursuant to a program developed by the County of Los Angeles to assist successor agencies to refund obligations pursuant to AB 1484 in order to provide debt service savings.

Annual debt service requirements to maturity for the tax allocation bonds are as follows:

	Principal	Interest	Total
Year ending June 30:			
2017	\$ 2,935,000	925,875	3,860,875
2018	3,080,000	775,500	3,855,500
2019	3,230,000	617,750	3,847,750
2020	3,340,000	451,875	3,791,875
2021	3,405,000	283,250	3,688,250
2022-2026	<u>3,995,000</u>	<u>99,875</u>	<u>4,094,875</u>
	19,985,000	3,154,125	23,139,125
Add bond premium	1,632,080	—	1,632,080
Total	\$ <u>21,617,080</u>	<u>3,154,125</u>	<u>24,771,205</u>

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

Contractual Obligations

- The Agency entered into various disposition and development agreements (DDAs) or owner participation agreements (OPAs) with several developers. The agreements are structured such that the Agency pays for specified off-site improvements and other costs of preparing land for development in the City’s redevelopment project areas. Accordingly, the Successor Agency has recorded a liability in the amount of \$959,070 at June 30, 2016 for the total estimated costs.

Annual debt service requirements to maturity for the contractual obligations are as follows:

Year ending June 30:		
2017	\$	171,511
2018		185,248
2019		200,087
2020		216,114
2021		<u>187,010</u>
Total	\$	<u><u>959,970</u></u>

Advances

- The City of Alhambra advanced various amounts to the Agency for redevelopment purposes. The activity and description of such advances for the year ended June 30, 2016 are as follows:

	<u>Balance at</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>June 30, 2016</u>	<u>Due within</u> <u>One Year</u>
1997 Advance from the City	\$ 124,398	—	—	124,398	—
1992 Advance from the City	301,961	—	—	301,961	—
Supplemental Revenue Augmentation Fund Advance	<u>5,019,279</u>	—	<u>(334,619)</u>	<u>4,684,660</u>	—
	<u>\$ 5,445,638</u>	<u>—</u>	<u>(334,619)</u>	<u>5,111,019</u>	<u>—</u>

- 1997 Advance from the City – In March 1997, the Agency entered into a reimbursement agreement with the City’s General Fund for the purchase of land for \$291,688. The advance bears interest at 6% and is to be paid over a 20-year period. The Agency sold the land to a developer as part of the Ralph’s Shopping Center. At June 30, 2016, \$124,398 was outstanding.
- 1992 Advance from the City – In August 1992, the Agency issued a note to purchase the Police Station from the City for \$969,869. A down payment of \$500,000 was made with a balance of \$469,869 due within 30 days of the City’s vacating the property. The loan bears no interest.

In February 1997, the Agency entered into a reimbursement agreement with the City’s General Fund for the purchase of additional property for \$231,335. The reimbursement agreement was added to the August 1992 note and is payable over a 20-year period with interest at 9%. The unpaid portion of this note has been deferred in the City’s Capital Outlay Capital Projects Fund. At June 30, 2016, \$301,961 was outstanding.

- Supplemental Revenue Augmentation Fund Advance - In May 2010, the Agency was advanced from the Low- and Moderate Income Housing Fund an amount equal to the amount paid to the Supplemental Educational Revenue Augmentation Fund, \$506,194 and \$3,656,135, respectively. Also in May 2011, the Agency was advanced from the Low- and Moderate

CITY OF ALHAMBRA

Notes to Basic Financial Statements

June 30, 2016

Income Housing Fund an amount equal to the amount paid to the Supplemental Educational Revenue Augmentation Fund, \$104,205 and \$752,745, respectively. At June 30, 2016, \$4,684,660 was outstanding.

Annual debt service requirements to maturity for the advances from the City are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Indeterminate	\$ 5,111,019	—	5,111,019
Total	<u>\$ 5,111,019</u>	<u>—</u>	<u>5,111,019</u>

5. Fremont Plaza Retail Project

In May 1996, the City and Agency entered into a Cooperation Agreement with respect to the Fremont Plaza Retail Project (the Project). The City and Successor shared in the net lease revenues from the Project based on their respective pro rata share. The cost of the project was \$9,453,946. Under terms of the Agreement, the City contributed the following:

Proceeds of HUD Section 108 note	\$ 3,000,000
Water Enterprise Fund contribution	900,000
Self-Insurance Internal Service Fund contribution	900,000
Forgiveness of Agency note	656,295

The Project was sold on May 5, 2016 for \$24,880,000. As indicated above, a contribution was made by the Department of Housing and Urban Development Section 108 note contributed to the Project and as a result \$7,067,037 was paid to the Community Development Block Grant Fund for share of net proceeds. Remaining proceeds retained by the Successor Agency at June 30, 2016 in the amount of \$10,226,554 are due to the Los Angeles County Auditor Controller.

6. Contingencies

Low- and Moderate-Income Housing

The Health and Safety Code Section 33334.2 requires a redevelopment agency to use at least 20% of tax increment revenues generated by a redevelopment project area to increase and improve the supply of low- and moderate-income housing in the community. State Assembly Bill 2080, enacted in September 1989, clarifies that for pre-1977 project areas that defer making the housing set-aside due to existing obligations and/or programs, all deferrals beginning with 1985 – 86 shall be considered deficits to the Low- and Moderate-Income Housing Fund, which the agency is required to eliminate in subsequent years in accordance with a plan to be determined by the agency. For fiscal years 1986 through 2008, the City’s unfunded commitment for its low- and moderate-income housing program from the Redevelopment Agency aggregated \$7,747,275. This commitment was transferred from the former Redevelopment Agency to the Successor Agency as a result of dissolution of the Redevelopment Agency. No payments were made during fiscal year 2015-2016. At June 30, 2016, the remaining unfunded commitment was \$6,426,275.

Supplementary Information

CITY OF ALHAMBRA

Required Supplementary Information (Unaudited)

June 30, 2016

**Schedule of Changes in Net Position Liability and Related Ratios - Miscellaneous Plan
Last Ten Fiscal Years***

Fiscal Year	6/30/2015	6/30/2016
Measurement Date	<u>6/30/2014</u>	<u>6/30/2015</u>
Total Pension Liability:		
Service cost	\$ 2,793,150	\$ 2,731,960
Interest on total pension liability	10,386,163	10,712,916
Differences between expected and actual experience	-	(3,570,385)
Changes in assumptions	-	(2,687,738)
Changes in benefits	-	-
Benefit payments, including refunds of employee contributions	<u>(5,371,308)</u>	<u>(5,297,989)</u>
Net Change in Total Pension Liability	7,808,005	1,888,764
Total Pension Liability - Beginning of Year	<u>139,771,250</u>	<u>147,579,255</u>
Total Pension Liability - End of Year (a)	<u>\$ 147,579,255</u>	<u>\$ 149,468,019</u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 2,894,718	\$ 3,043,790
Contributions - employee	1,255,406	1,273,242
Net investment income	17,266,996	2,571,518
Benefit payments	(5,371,308)	(5,297,989)
Administrative expenses	<u>-</u>	<u>(132,627)</u>
Net Change in Plan Fiduciary Net Position	16,045,812	1,457,934
Plan Fiduciary Net Position - Beginning of Year	<u>99,594,519</u>	<u>115,640,331</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 115,640,331</u>	<u>\$ 117,098,265</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 31,938,924</u>	<u>\$ 32,369,754</u>
Plan fiduciary net position as a percentage of the total pension liability	78.36%	78.34%
Covered - employee payroll	\$ 15,834,468	\$ 16,198,776
Net pension liability as percentage of covered- employee payroll	201.71%	199.83%

Notes to Schedule:

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

Change in Assumptions for fiscal year 2016: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent without reduction of administrative expense.

CITY OF ALHAMBRA

Required Supplementary Information (Unaudited)

June 30, 2016

**Schedule of Contributions - Miscellaneous Plan
Last Ten Fiscal Years***

Fiscal Year	6/30/2015	6/30/2016
Actuarially determined contribution	\$ 3,043,790	\$ 3,481,308
Contributions in relation to the actuarially determined contributions	(3,043,790)	(3,481,308)
Contribution deficiency (excess)	\$ -	\$ -
Covered - employee payroll	\$ 16,198,776	\$ 15,319,154
Contributions as a percentage of covered - employee payroll	18.79%	22.73%

Notes to Schedule:

Fiscal Year 2015

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement 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 the Scale AA published by the Society of Actuaries.

Fiscal Year 2016

Valuation Date 6/30/2013

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement 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 the Scale AA published by the Society of Actuaries.

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

CITY OF ALHAMBRA

Required Supplementary Information (Unaudited)

June 30, 2016

**Schedule of Changes in Net Position Liability and Related Ratios - Safety Plan
Last Ten Fiscal Years***

Fiscal Year	6/30/2015	6/30/2016
Measurement Date	<u>6/30/2014</u>	<u>6/30/2015</u>
Total Pension Liability:		
Service cost	\$ 4,268,154	\$ 4,055,533
Interest on total pension liability	16,567,344	17,120,226
Differences between expected and actual experience	-	(3,363,167)
Changes in assumptions	-	(4,269,785)
Changes in benefits	-	-
Benefit payments, including refunds of employee contributions	<u>(9,982,487)</u>	<u>(10,418,211)</u>
Net Change in Total Pension Liability	10,853,011	3,124,596
Total Pension Liability - Beginning of Year	<u>223,755,094</u>	<u>234,608,105</u>
Total Pension Liability - End of Year (a)	<u>\$ 234,608,105</u>	<u>\$ 237,732,701</u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 5,194,226	\$ 5,623,821
Contributions - employee	1,357,296	1,364,518
Net investment income	25,131,070	3,645,321
Benefit payments	(9,982,487)	(10,418,211)
Administrative expenses	<u>-</u>	<u>(188,049)</u>
Net Change in Plan Fiduciary Net Position	21,700,105	27,400
Plan Fiduciary Net Position - Beginning of Year	<u>145,378,143</u>	<u>167,078,248</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 167,078,248</u>	<u>\$ 167,105,648</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 67,529,857</u>	<u>\$ 70,627,053</u>
Plan fiduciary net position as a percentage of the total pension liability	71.22%	70.29%
Covered - employee payroll	\$ 14,863,615	\$ 14,448,845
Net pension liability as percentage of covered- employee payroll	454.33%	488.81%

Notes to Schedule:

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

Change in Assumptions for fiscal year 2016: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent without reduction of administrative expense.

CITY OF ALHAMBRA

Required Supplementary Information (Unaudited)

June 30, 2016

**Schedule of Contributions - Safety Plan
Last Ten Fiscal Years***

Fiscal Year	6/30/2015	6/30/2016
Actuarially determined contribution	\$ 5,623,821	\$ 6,206,294
Contributions in relation to the actuarially determined contributions	(5,623,821)	(6,206,294)
Contribution deficiency (excess)	\$ -	\$ -
Covered - employee payroll	\$ 14,448,845	\$ 14,727,367
Contributions as a percentage of covered - employee payroll	38.92%	42.14%

Notes to Schedule:

Fiscal Year 2015

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement 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 the Scale AA published by the Society of Actuaries.

Fiscal Year 2016

Valuation Date 6/30/2013

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement 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 the Scale AA published by the Society of Actuaries.

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

CITY OF ALHAMBRA

Required Supplementary Information (Unaudited)

June 30, 2016

**Other Pension Plan
Schedule of Funding Progress**

The funded status of the Plan for the actuarial valuation performed as of June 30, 2014 is as follows (valuations prior to 2008 and after 2014 are not available):

(Dollars in thousands)

Valuation date (June 30)	Accrued liability	Actuarial value of assets	Unfunded (overfunded) liability (UAAL)	Funded ratio	Annual covered payroll	UAAL as a percentage of payroll
2014	\$ 14,845	—	14,845	0.0%	29,615	50.1%
2012	13,116	—	13,116	0.0%	26,433	49.6%
2010	12,909	—	12,909	0.0%	28,390	45.5%
2008	10,185	—	10,185	0.0%	34,291	29.7%

**PERS Health Program and City Council Plan Other Post-Employment Benefit Plans
Schedule of Funding Progress**

The funded status of the Plans for the actuarial valuations performed as of June 30, 2014 is as follows (valuations prior to 2008 and after 2014 are not available):

PERS Health Program

(Dollars in thousands)

Valuation date (June 30)	Accrued liability	Actuarial value of assets	Unfunded (overfunded) liability (UAAL)	Funded ratio	Annual covered payroll	UAAL as a percentage of payroll
2014	\$ 13,505	—	13,505	0.0%	29,615	45.6%
2012	13,201	—	13,201	0.0%	27,647	47.7%
2010	10,820	—	10,820	0.0%	28,390	38.1%
2008	8,576	—	8,576	0.0%	34,291	25.0%

City Council Plan

(Dollars in thousands)

Valuation date (June 30)	Accrued liability	Actuarial value of assets	Unfunded (overfunded) liability (UAAL)	Funded ratio	Annual covered payroll	UAAL as a percentage of payroll
2014	\$ 1,009	—	1,009	0.0%	55	1,834.5%
2012	1,700	—	1,700	0.0%	52	3,269.2%
2010	1,961	—	1,961	0.0%	58	3,381.0%
2008	1,811	—	1,811	0.0%	56	3,233.9%

CITY OF ALHAMBRA

Combining and Individual Fund Statements and Schedules

Year ended June 30, 2016

CITY OF ALHAMBRA

Combining Balance Sheet

Other Governmental Funds

June 30, 2016

Assets	Total special revenue funds	Total debt service funds	Total capital projects funds	Total other governmental funds
Cash and investments	\$ 18,517,951	—	193,445	18,711,396
Restricted cash and investments	—	689,354	258,333	947,687
Accounts receivable	698,620	14,765	—	713,385
Due from other funds	85,272	—	—	85,272
Due from Successor Agency	4,684,660	—	301,961	4,986,621
Total assets	<u>\$ 23,986,503</u>	<u>704,119</u>	<u>753,739</u>	<u>25,444,361</u>
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 341,310	—	23,289	364,599
Accrued liabilities	2,411	—	—	2,411
Due to other funds	238,164	—	60,392	298,556
Retentions payable	28,357	—	—	28,357
Total liabilities	<u>610,242</u>	<u>—</u>	<u>83,681</u>	<u>693,923</u>
Deferred inflows of resources:				
Unavailable revenues	<u>224,648</u>	<u>—</u>	<u>301,961</u>	<u>526,609</u>
Fund balances:				
Restricted for:				
Law enforcement	1,317,062	—	—	1,317,062
Streets and transportation	16,228,974	—	—	16,228,974
Air quality	258,968	—	—	258,968
Capital projects	—	—	258,333	258,333
Community development	18,120	—	—	18,120
Police facility	30,087	—	—	30,087
Debt service	—	704,119	—	704,119
Low and moderate housing	5,417,158	—	—	5,417,158
Assigned to various capital improvements	—	—	109,764	109,764
Unassigned	(118,756)	—	—	(118,756)
Total fund balances	<u>23,151,613</u>	<u>704,119</u>	<u>368,097</u>	<u>24,223,829</u>
Total liabilities and fund balances	<u>\$ 23,986,503</u>	<u>704,119</u>	<u>753,739</u>	<u>25,444,361</u>

CITY OF ALHAMBRA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Other Governmental Funds

Year ended June 30, 2016

	<u>Total special revenue funds</u>	<u>Total debt service funds</u>	<u>Total capital projects funds</u>	<u>Total other governmental funds</u>
Revenues:				
Taxes and special assessments	\$ 5,974,100	—	—	5,974,100
Intergovernmental	7,154,358	—	—	7,154,358
Investment earnings	120,581	42,472	—	163,053
Charges for services	116,243	—	—	116,243
Other	230,589	—	—	230,589
Total revenues	<u>13,595,871</u>	<u>42,472</u>	<u>—</u>	<u>13,638,343</u>
Expenditures:				
Current:				
Public safety	1,373,828	—	—	1,373,828
Public works	3,105,227	—	—	3,105,227
Housing, health, and community development	3,361,403	—	—	3,361,403
Culture and recreation	61,344	—	—	61,344
Capital outlay	1,367,100	—	83,311	1,450,411
Debt service:				
Principal retirement	—	1,810,000	85,328	1,895,328
Interest and fiscal charges	—	1,327,495	13,086	1,340,581
Total expenditures	<u>9,268,902</u>	<u>3,137,495</u>	<u>181,725</u>	<u>12,588,122</u>
Excess (deficiency) of revenues over expenditures	<u>4,326,969</u>	<u>(3,095,023)</u>	<u>(181,725)</u>	<u>1,050,221</u>
Other financing sources (uses):				
Transfers in	428,271	3,116,637	643,058	4,187,966
Transfers out	(3,114,727)	—	—	(3,114,727)
Sale of capital assets	2,017	—	—	2,017
Total other financing sources (uses)	<u>(2,684,439)</u>	<u>3,116,637</u>	<u>643,058</u>	<u>1,075,256</u>
Net change in fund balances	1,642,530	21,614	461,333	2,125,477
Fund balances (deficits) at July 1	<u>21,509,083</u>	<u>682,505</u>	<u>(93,236)</u>	<u>22,098,352</u>
Fund balances at June 30	\$ <u>23,151,613</u>	<u>704,119</u>	<u>368,097</u>	<u>24,223,829</u>

OTHER SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than Capital Projects Funds and Expendable Trust Funds) that are legally restricted to expenditures for specified purposes. Funds included are:

Law Enforcement Fund – To account for funds provided by the United States Department of Justice and State of California for local law enforcement programs.

TDA Bikeway Fund – To account for revenues received from the State under the Transportation Development Act. Their use is restricted to the construction of bicycle and pedestrian facilities.

State Gas Tax Fund – To account for all state gas tax-related revenues and expenditures, including street repair, reconstruction, and maintenance. State law requires these gasoline taxes to be used to maintain the City's street and highway system.

Proposition A – Transportation Fund – To account for all revenues and expenditures associated with the 1/2% sales tax approved by Proposition A in 1980. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission.

Proposition C – Transportation Fund – To account for all revenues and expenditures associated with the 1/2% sales tax approved by Proposition C in 1990. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission.

Measure R Fund – To account for all revenues and expenditures associated with the 1/2% sales tax approved by Measure R in 2008. All revenues of this fund must be expended for traffic relief and transportation upgrades as established by Metro.

Air Quality Fund – To account for all revenues and expenditures associated with AB2766. All revenues and expenditures of this fund must be expended for air quality improvement projects as established by the South Coast Air Quality Management District.

Lighting and Landscape Maintenance Fund – To account for the costs associated with the City's street lighting and landscape maintenance programs. These costs are deemed to benefit all property owners who are assessed their proportionate share of the costs. These assessments are placed on the property tax bill and collected and remitted by the County of Los Angeles.

Police Facility Assessment Fund – To account for the costs associated with the Citywide assessment district which was formed to pay debt service and other related costs of the police facility.

Asset Forfeiture Federal/State Funds – To account for City's share of asset forfeiture monies received from state and federal sources.

Disability Access Compliance Fund – To account for all revenues and expenditures received from a surcharge imposed on business licenses in accordance with SB1186.

OTHER SPECIAL REVENUE FUNDS (CONTINUED)

Home and Rental Rehabilitation Grants Fund – To account for the administrative activities of the Home and Rental Rehabilitation programs.

Housing Asset Fund – To account for the receipt and expenditure of the revenues received from housing assets of the former Alhambra Redevelopment Agency.

Transportation Capital Improvement Fund – To account for allocations from federal, state, and county governments for transportation projects not accounted for in other funds. The purpose for which these monies may be expended shall be limited to those authorized by the agreements with the allocating agency.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF ALHAMBRA
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2016

Assets	Law enforcement	TDA bikeway	State gas tax	Proposition A transportation	Proposition C transportation	Measure R
Cash and investments	\$ 106,050	—	3,534,384	1,959,716	3,856,467	2,315,036
Accounts receivable	11,432	—	143,919	6,225	—	—
Due from other funds	—	—	—	—	—	—
Due from Successor Agency	—	—	—	—	—	—
Total assets	<u>\$ 117,482</u>	<u>—</u>	<u>3,678,303</u>	<u>1,965,941</u>	<u>3,856,467</u>	<u>2,315,036</u>
Liabilities and Fund Balances (Deficits)						
Liabilities:						
Accounts payable	\$ 4,019	—	60,491	76,627	35,385	—
Accrued liabilities	—	—	1,736	—	—	—
Due to other funds	11,432	—	—	—	—	—
Retentions payable	—	—	—	—	—	—
Total liabilities	<u>15,451</u>	<u>—</u>	<u>62,227</u>	<u>76,627</u>	<u>35,385</u>	<u>—</u>
Deferred inflows of resources:						
Unavailable revenues	—	—	10,764	—	—	—
Fund balances:						
Restricted for:						
Law enforcement	102,031	—	—	—	—	—
Streets and transportation	—	—	3,605,312	1,889,314	3,821,082	2,315,036
Air quality	—	—	—	—	—	—
Community development	—	—	—	—	—	—
Police facility	—	—	—	—	—	—
Low and moderate housing	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total fund balances (deficits)	<u>102,031</u>	<u>—</u>	<u>3,605,312</u>	<u>1,889,314</u>	<u>3,821,082</u>	<u>2,315,036</u>
Total liabilities and fund balances (deficits)	<u>\$ 117,482</u>	<u>—</u>	<u>3,678,303</u>	<u>1,965,941</u>	<u>3,856,467</u>	<u>2,315,036</u>

Air quality	Lighting and landscape maintenance	Police facility assessment	Asset forfeiture	Disability Access Compliance	Home and Rental Rehabilitation Grants	Housing Asset	Transportation Capital Improvement	Total other special revenue funds
265,784	4,593,416	5,593	1,215,532	18,747	—	647,226	—	18,517,951
29,269	139,491	28,837	—	8	258,321	—	81,118	698,620
—	—	—	—	—	—	85,272	—	85,272
—	—	—	—	—	—	4,684,660	—	4,684,660
<u>295,053</u>	<u>4,732,907</u>	<u>34,430</u>	<u>1,215,532</u>	<u>18,755</u>	<u>258,321</u>	<u>5,417,158</u>	<u>81,118</u>	<u>23,986,503</u>
36,085	86,420	1,410	501	627	39,745	—	—	341,310
—	675	—	—	—	—	—	—	2,411
—	—	—	—	—	199,951	—	26,781	238,164
—	—	2,933	—	—	25,424	—	—	28,357
<u>36,085</u>	<u>87,095</u>	<u>4,343</u>	<u>501</u>	<u>627</u>	<u>265,120</u>	<u>—</u>	<u>26,781</u>	<u>610,242</u>
—	47,582	—	—	8	30,840	—	135,454	224,648
—	—	—	1,215,031	—	—	—	—	1,317,062
—	4,598,230	—	—	—	—	—	—	16,228,974
258,968	—	—	—	—	—	—	—	258,968
—	—	—	—	18,120	—	—	—	18,120
—	—	30,087	—	—	—	—	—	30,087
—	—	—	—	—	—	5,417,158	—	5,417,158
—	—	—	—	—	(37,639)	—	(81,117)	(118,756)
<u>258,968</u>	<u>4,598,230</u>	<u>30,087</u>	<u>1,215,031</u>	<u>18,120</u>	<u>(37,639)</u>	<u>5,417,158</u>	<u>(81,117)</u>	<u>23,151,613</u>
<u>295,053</u>	<u>4,732,907</u>	<u>34,430</u>	<u>1,215,532</u>	<u>18,755</u>	<u>258,321</u>	<u>5,417,158</u>	<u>81,118</u>	<u>23,986,503</u>

CITY OF ALHAMBRA

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits)

Other Special Revenue Funds

Year ended June 30, 2016

	Law enforcement	TDA bikeway	State gas tax	Proposition A – transportation	Proposition C – transportation	Measure R
Revenues:						
Taxes and special assessments	\$ —	—	—	—	—	—
Intergovernmental	164,700	83,304	1,751,559	1,528,802	1,331,468	951,651
Investment earnings	1,195	—	36,568	17,986	33,671	17,124
Charges for services	—	—	—	111,012	—	—
Other	—	—	1,313	162,696	—	—
Total revenues	<u>165,895</u>	<u>83,304</u>	<u>1,789,440</u>	<u>1,820,496</u>	<u>1,365,139</u>	<u>968,775</u>
Expenditures:						
Current:						
Public safety	178,798	—	999,112	—	—	—
Public works	—	—	881,452	69,085	81,403	2,476
Housing, health, and community development	—	—	—	1,513,101	604,362	—
Culture and recreation	—	—	—	61,344	—	—
Capital outlay	34,759	83,286	185,899	—	193,266	—
Total expenditures	<u>213,557</u>	<u>83,286</u>	<u>2,066,463</u>	<u>1,643,530</u>	<u>879,031</u>	<u>2,476</u>
Excess (deficiency) of revenues over expenditures	<u>(47,662)</u>	<u>18</u>	<u>(277,023)</u>	<u>176,966</u>	<u>486,108</u>	<u>966,299</u>
Other financing sources (uses):						
Transfers in	—	—	162,269	—	—	11,833
Transfers out	—	(24,276)	(254,169)	—	—	—
Sale of capital assets	—	—	631	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>(24,276)</u>	<u>(91,269)</u>	<u>—</u>	<u>—</u>	<u>11,833</u>
Net change in fund balances	<u>(47,662)</u>	<u>(24,258)</u>	<u>(368,292)</u>	<u>176,966</u>	<u>486,108</u>	<u>978,132</u>
Fund balances at July 1	<u>149,693</u>	<u>24,258</u>	<u>3,973,604</u>	<u>1,712,348</u>	<u>3,334,974</u>	<u>1,336,904</u>
Fund balances (deficits) at June 30	\$ <u>102,031</u>	<u>—</u>	<u>3,605,312</u>	<u>1,889,314</u>	<u>3,821,082</u>	<u>2,315,036</u>

Air quality	Lighting and landscape maintenance	Police facility assessment	Asset forfeiture	Disability Access Compliance	Home and Rental Rehabilitation Grants	Housing Asset	Transportation Capital Improvement	Total other special revenue funds
—	3,681,461	2,292,639	—	—	—	—	—	5,974,100
107,890	30	—	678,445	—	556,509	—	—	7,154,358
3,063	—	—	7,895	153	—	2,926	—	120,581
—	—	—	—	5,231	—	—	—	116,243
—	66,580	—	—	—	—	—	—	230,589
<u>110,953</u>	<u>3,748,071</u>	<u>2,292,639</u>	<u>686,340</u>	<u>5,384</u>	<u>556,509</u>	<u>2,926</u>	<u>—</u>	<u>13,595,871</u>
—	—	22,322	173,596	—	—	—	—	1,373,828
—	2,070,811	—	—	—	—	—	—	3,105,227
23,642	—	—	—	—	820,811	399,487	—	3,361,403
—	—	—	—	—	—	—	—	61,344
<u>258,664</u>	<u>1,184</u>	<u>270,948</u>	<u>3,808</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>335,286</u>	<u>1,367,100</u>
<u>282,306</u>	<u>2,071,995</u>	<u>293,270</u>	<u>177,404</u>	<u>—</u>	<u>820,811</u>	<u>399,487</u>	<u>335,286</u>	<u>9,268,902</u>
(171,353)	1,676,076	1,999,369	508,936	5,384	(264,302)	(396,561)	(335,286)	4,326,969
—	—	—	—	—	—	—	254,169	428,271
—	(651,479)	(2,184,803)	—	—	—	—	—	(3,114,727)
<u>1,386</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,017</u>
<u>1,386</u>	<u>(651,479)</u>	<u>(2,184,803)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>254,169</u>	<u>(2,684,439)</u>
(169,967)	1,024,597	(185,434)	508,936	5,384	(264,302)	(396,561)	(81,117)	1,642,530
428,935	3,573,633	215,521	706,095	12,736	226,663	5,813,719	—	21,509,083
<u>258,968</u>	<u>4,598,230</u>	<u>30,087</u>	<u>1,215,031</u>	<u>18,120</u>	<u>(37,639)</u>	<u>5,417,158</u>	<u>(81,117)</u>	<u>23,151,613</u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual

Law Enforcement Special Revenue Fund

Year ended June 30, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 114,845	114,845	164,700	49,855
Investment earnings	<u>550</u>	<u>550</u>	<u>1,195</u>	<u>645</u>
Total revenues	<u>115,395</u>	<u>115,395</u>	<u>165,895</u>	<u>50,500</u>
Expenditures:				
Current:				
Public safety	156,199	182,868	178,798	4,070
Capital Outlay	<u>47,500</u>	<u>49,831</u>	<u>34,759</u>	<u>15,072</u>
Total expenditure	<u>203,699</u>	<u>232,699</u>	<u>213,557</u>	<u>19,142</u>
Net change in fund balances	(88,304)	(117,304)	(47,662)	69,642
Fund balance at July 1	<u>149,693</u>	<u>149,693</u>	<u>149,693</u>	—
Fund balance at June 30	\$ <u><u>61,389</u></u>	<u><u>32,389</u></u>	<u><u>102,031</u></u>	<u><u>69,642</u></u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual

TDA Bikeway

Year ended June 30, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 90,000	90,000	83,304	(6,696)
Investment earnings	—	—	—	—
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>83,304</u>	<u>(6,696)</u>
Expenditures:				
Capital outlay	90,000	90,000	83,286	6,714
Excess (deficiency) of revenues over expenditures	—	—	18	18
Other financing uses:				
Transfers out	—	—	(24,276)	(24,276)
Net change in fund balances	—	—	(24,258)	(24,258)
Fund balance at July 1	<u>24,258</u>	<u>24,258</u>	<u>24,258</u>	—
Fund balance at June 30	<u><u>\$ 24,258</u></u>	<u><u>24,258</u></u>	<u><u>—</u></u>	<u><u>(24,258)</u></u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual

State Gas Tax Special Revenue Fund

Year ended June 30, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget Positive Negative
Revenues:				
Intergovernmental	\$ 1,914,023	1,914,023	1,751,559	(162,464)
Investment earnings	11,500	11,500	36,568	25,068
Other	—	—	1,313	1,313
Total revenues	<u>1,925,523</u>	<u>1,925,523</u>	<u>1,789,440</u>	<u>(136,083)</u>
Expenditures:				
Current:				
Public safety	1,156,572	1,156,572	999,112	157,460
Public works	979,541	1,058,541	881,452	177,089
Capital outlay	3,018,413	3,018,413	185,899	2,832,514
Total expenditures	<u>5,154,526</u>	<u>5,233,526</u>	<u>2,066,463</u>	<u>3,167,063</u>
Excess (deficiency) of revenues over expenditures	<u>(3,229,003)</u>	<u>(3,308,003)</u>	<u>(277,023)</u>	<u>3,030,980</u>
Other financing sources (uses):				
Transfers in	162,269	162,269	162,269	—
Transfers out	—	—	(254,169)	(254,169)
Sale of capital assets	—	—	631	631
Total other financing sources (uses)	<u>162,269</u>	<u>162,269</u>	<u>(91,269)</u>	<u>(253,538)</u>
Net change in fund balances	(3,066,734)	(3,145,734)	(368,292)	2,777,442
Fund balance at July 1	<u>3,973,604</u>	<u>3,973,604</u>	<u>3,973,604</u>	—
Fund balance at June 30	<u>\$ 906,870</u>	<u>827,870</u>	<u>3,605,312</u>	<u>2,777,442</u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual

Proposition A – Transportation Special Revenue Fund

Year ended June 30, 2016

	Original budget	Final budget	Actual	Variance with final budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 1,492,436	1,492,436	1,528,802	36,366
Investment earnings	3,100	3,100	17,986	14,886
Charges for services	118,000	118,000	111,012	(6,988)
Other	150,000	150,000	162,696	12,696
Total revenues	<u>1,763,536</u>	<u>1,763,536</u>	<u>1,820,496</u>	<u>56,960</u>
Expenditures:				
Current:				
Public works	68,126	68,126	69,085	(959)
Housing, health, and community development	1,647,350	1,647,350	1,513,101	134,249
Culture and recreation	68,956	68,956	61,344	7,612
Capital outlay	30,000	30,000	—	30,000
Total expenditures	<u>1,814,432</u>	<u>1,814,432</u>	<u>1,643,530</u>	<u>170,902</u>
Net change in fund balances	<u>(50,896)</u>	<u>(50,896)</u>	176,966	227,862
Fund balance at July 1	<u>1,712,348</u>	<u>1,712,348</u>	<u>1,712,348</u>	—
Fund balance at June 30	<u><u>\$ 1,661,452</u></u>	<u><u>1,661,452</u></u>	<u><u>1,889,314</u></u>	<u><u>227,862</u></u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual

Proposition C – Transportation Special Revenue Fund

Year ended June 30, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 1,403,800	1,403,800	1,331,468	(72,332)
Investment earnings	13,200	13,200	33,671	20,471
Total revenues	<u>1,417,000</u>	<u>1,417,000</u>	<u>1,365,139</u>	<u>(51,861)</u>
Expenditures:				
Current:				
Public works	113,718	113,718	81,403	32,315
Housing, health, and community development	707,563	707,563	604,362	103,201
Capital outlay	<u>308,131</u>	<u>308,131</u>	<u>193,266</u>	<u>114,865</u>
Total expenditures	<u>1,129,412</u>	<u>1,129,412</u>	<u>879,031</u>	<u>250,381</u>
Net change in fund balances	287,588	287,588	486,108	198,520
Fund balance at July 1	<u>3,334,974</u>	<u>3,334,974</u>	<u>3,334,974</u>	—
Fund balance at June 30	<u>\$ 3,622,562</u>	<u>3,622,562</u>	<u>3,821,082</u>	<u>198,520</u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual

Measure R Special Revenue Fund

Year ended June 30, 2016

	Original budget	Final budget	Actual	Variance with final budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 900,000	900,000	951,651	51,651
Investment earnings	2,600	2,600	17,124	14,524
Total revenues	<u>902,600</u>	<u>902,600</u>	<u>968,775</u>	<u>66,175</u>
Expenditures:				
Current:				
Public works	10,000	10,000	2,476	7,524
Capital outlay	1,292,918	1,292,918	—	1,292,918
Total expenditures	<u>1,302,918</u>	<u>1,302,918</u>	<u>2,476</u>	<u>1,300,442</u>
Excess (deficiency) of revenues over expenditures	<u>(400,318)</u>	<u>(400,318)</u>	<u>966,299</u>	<u>1,366,617</u>
Other financing sources (uses):				
Transfer In	—	—	11,833	11,833
Transfers out	(875,000)	(875,000)	—	875,000
Total other financing sources (uses)	<u>(875,000)</u>	<u>(875,000)</u>	<u>11,833</u>	<u>886,833</u>
Net change in fund balances	<u>(1,275,318)</u>	<u>(1,275,318)</u>	<u>978,132</u>	<u>2,253,450</u>
Fund balance at July 1	<u>1,336,904</u>	<u>1,336,904</u>	<u>1,336,904</u>	<u>—</u>
Fund balance at June 30	<u>\$ 61,586</u>	<u>61,586</u>	<u>2,315,036</u>	<u>2,253,450</u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual

Air Quality Special Revenue Fund

Year ended June 30, 2016

	Original budget	Final budget	Actual	Variance with final budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 100,000	100,000	107,890	7,890
Investment earnings	1,100	1,100	3,063	1,963
Total revenues	<u>101,100</u>	<u>101,100</u>	<u>110,953</u>	<u>9,853</u>
Expenditures:				
Current:				
Housing, health, and community development	28,431	28,431	23,642	4,789
Capital outlay	192,000	256,000	258,664	(2,664)
Total expenditures	<u>220,431</u>	<u>284,431</u>	<u>282,306</u>	<u>2,125</u>
Excess (deficiency) of revenues over expenditures	(119,331)	(183,331)	(171,353)	11,978
Other financing sources:				
Property sales	<u>—</u>	<u>—</u>	1,386	1,386
Net change in fund balances	(119,331)	(183,331)	(169,967)	13,364
Fund balance at July 1	<u>428,935</u>	<u>428,935</u>	<u>428,935</u>	<u>—</u>
Fund balance at June 30	<u><u>\$ 309,604</u></u>	<u><u>245,604</u></u>	<u><u>258,968</u></u>	<u><u>13,364</u></u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual

Lighting and Landscape Maintenance Special Revenue Fund

Year ended June 30, 2016

	Original budget	Final budget	Actual	Variance with final budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 3,611,925	3,611,925	3,681,461	69,536
Intergovernmental	—	—	30	30
Other	21,600	21,600	66,580	44,980
Total revenues	<u>3,633,525</u>	<u>3,633,525</u>	<u>3,748,071</u>	<u>114,546</u>
Expenditures:				
Current:				
Public works	2,544,695	2,561,239	2,070,811	490,428
Capital outlay	530,000	608,395	1,184	607,211
Total expenditures	<u>3,074,695</u>	<u>3,169,634</u>	<u>2,071,995</u>	<u>1,097,639</u>
Excess of revenues over expenditures	558,830	463,891	1,676,076	1,212,185
Other financing uses:				
Transfers out	<u>(630,237)</u>	<u>(630,237)</u>	<u>(651,479)</u>	<u>(21,242)</u>
Net change in fund balances	(71,407)	(166,346)	1,024,597	1,190,943
Fund balance at July 1	<u>3,573,633</u>	<u>3,573,633</u>	<u>3,573,633</u>	—
Fund balance at June 30	<u>\$ 3,502,226</u>	<u>3,407,287</u>	<u>4,598,230</u>	<u>1,190,943</u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual

Police Facility Assessment Special Revenue Fund

Year ended June 30, 2016

	Original budget	Final budget	Actual	Variance with final budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 2,200,000	2,200,000	2,292,639	92,639
Investment earnings	900	900	—	(900)
Total revenues	<u>2,200,900</u>	<u>2,200,900</u>	<u>2,292,639</u>	<u>91,739</u>
Expenditures:				
Current:				
Public safety	11,286	11,286	22,322	(11,036)
Capital outlay	194,491	256,313	270,948	(14,635)
Total expenditures	<u>205,777</u>	<u>267,599</u>	<u>293,270</u>	<u>(25,671)</u>
Excess of revenues over expenditures	1,995,123	1,933,301	1,999,369	66,068
Other financing uses:				
Transfers out	<u>(2,184,803)</u>	<u>(2,184,803)</u>	<u>(2,184,803)</u>	<u>—</u>
Net change in fund balances	(189,680)	(251,502)	(185,434)	66,068
Fund balance at July 1	<u>215,521</u>	<u>215,521</u>	<u>215,521</u>	<u>—</u>
Fund balance at June 30	<u><u>\$ 25,841</u></u>	<u><u>(35,981)</u></u>	<u><u>30,087</u></u>	<u><u>66,068</u></u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual

Asset Forfeiture Special Revenue Fund

Year ended June 30, 2016

	Original budget	Final budget	Actual	Variance with final budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 37,000	37,000	678,445	641,445
Investment Earnings	—	—	7,895	7,895
Total revenues	<u>37,000</u>	<u>37,000</u>	<u>686,340</u>	<u>649,340</u>
Expenditures:				
Current:				
Public safety	93,497	153,055	173,596	(20,541)
Capital Outlay	—	38,799	3,808	34,991
Total expenditures	<u>93,497</u>	<u>191,854</u>	<u>177,404</u>	<u>14,450</u>
Net change in fund balances	(56,497)	(154,854)	508,936	663,790
Fund balance at July 1	<u>706,095</u>	<u>706,095</u>	<u>706,095</u>	—
Fund balance at June 30	<u>\$ 649,598</u>	<u>551,241</u>	<u>1,215,031</u>	<u>663,790</u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual

Disability Access Compliance Fund

Year ended June 30, 2016

	Original budget	Final budget	Actual	Variance with final budget Positive (Negative)
Revenues:				
Charges for services	\$ 5,900	5,900	5,231	(669)
Investment earnings	30	30	153	123
Total revenues	<u>5,930</u>	<u>5,930</u>	<u>5,384</u>	<u>(546)</u>
Expenditures:				
Current:				
Housing, health, and community development	—	—	—	—
Net change in fund balances	5,930	5,930	5,384	(546)
Fund balance at July 1	<u>12,736</u>	<u>12,736</u>	<u>12,736</u>	—
Fund balance at June 30	<u>\$ 18,666</u>	<u>18,666</u>	<u>18,120</u>	<u>(546)</u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures, and Changes
in Fund Deficit – Budget and Actual

Home and Rental Rehabilitation Grant Special Revenue Fund

Year ended June 30, 2016

	Original budget	Final budget	Actual	Variance with final budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 593,361	593,361	556,509	(36,852)
Investment earnings	10,000	10,000	—	(10,000)
Total revenues	<u>603,361</u>	<u>603,361</u>	<u>556,509</u>	<u>(46,852)</u>
Expenditures:				
Current:				
Housing, health, and community development	1,258,427	1,314,952	820,811	494,141
Net change in fund balances	(655,066)	(711,591)	(264,302)	447,289
Fund balance at July 1	226,663	226,663	226,663	—
Fund deficit at June 30	\$ <u>(428,403)</u>	<u>(484,928)</u>	<u>(37,639)</u>	<u>447,289</u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual

Housing Assets Special Revenue Fund

Year ended June 30, 2016

	Original budget	Final budget	Actual	Variance with final budget Positive (Negative)
Revenues:				
Investment earnings	\$ 1,650	1,650	2,926	1,276
Property sales	100,000	100,000	—	(100,000)
Other	333,333	333,333	—	(333,333)
	<u>434,983</u>	<u>434,983</u>	<u>2,926</u>	<u>(432,057)</u>
Expenditures:				
Current:				
Housing, health, and community development	—	—	399,487	(399,487)
Capital Outlay	423,017	423,017	—	423,017
Total expenditures	<u>423,017</u>	<u>423,017</u>	<u>399,487</u>	<u>23,530</u>
Net change in fund balances	11,966	11,966	(396,561)	(408,527)
Fund balance at July 1	<u>5,813,719</u>	<u>5,813,719</u>	<u>5,813,719</u>	<u>—</u>
Fund balance at June 30	<u>\$ 5,825,685</u>	<u>5,825,685</u>	<u>5,417,158</u>	<u>(408,527)</u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures and
Changes in Fund Deficit – Budget and Actual
Transportation Capital Improvement Special Revenue Fund

Year ended June 30, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 2,625,000	2,625,000	—	(2,625,000)
Expenditures:				
Capital outlay	3,788,181	3,788,181	335,286	3,452,895
Deficiency of revenues over expenditures	(1,163,181)	(1,163,181)	(335,286)	827,895
Other financing sources:				
Transfers in	875,000	875,000	254,169	(620,831)
Net change in fund balances	(288,181)	(288,181)	(81,117)	207,064
Fund balance at July 1	—	—	—	—
Fund deficit at June 30	\$ <u>(288,181)</u>	<u>(288,181)</u>	<u>(81,117)</u>	<u>207,064</u>

OTHER DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Funds included are:

Lighting and Sidewalk Construction Fund – To accumulate monies for the payment of the 1994 \$8,300,000 Public Works Maintenance and Improvement Bonds which are due with varying principal and interest amounts until maturity in 2018. Financing is provided by special assessments and contributions by the City as necessary.

Police Facility Fund – To accumulate monies for the payment of the \$27,000,000 Alhambra Capital Improvement Corporation Certificates of Participation, Series 1992, which are due with varying principal and interest amounts until maturity in 2023. Financing is provided by special assessments.

Parking Authority Debt Service Fund – To account for revenues and expenditures used to repay the principal and interest on the Alhambra Parking Authority Lease Revenue Bonds.

CITY OF ALHAMBRA

Combining Balance Sheet

Other Debt Service Funds

June 30, 2016

Assets	Lighting and sidewalk construction	Police facility	Parking Authority	Total other debt service funds
Restricted cash and investments	\$ 689,354	—	—	689,354
Accounts receivable	14,765	—	—	14,765
Total assets	<u>\$ 704,119</u>	<u>—</u>	<u>—</u>	<u>704,119</u>
Fund Balances				
Fund balances:				
Restricted for debt service	704,119	—	—	704,119
Total fund balances	<u>704,119</u>	<u>—</u>	<u>—</u>	<u>704,119</u>

CITY OF ALHAMBRA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Other Debt Service Funds

Year ended June 30, 2016

	Lighting and sidewalk construction	Police facility	Parking Authority	Total other debt service funds
Revenues:				
Investment earnings	\$ 42,472	—	—	42,472
Expenditures:				
Debt service:				
Principal retirement	510,000	1,180,000	120,000	1,810,000
Interest and fiscal charges	120,663	914,963	291,869	1,327,495
Total expenditures	630,663	2,094,963	411,869	3,137,495
Deficiency of revenues over expenditures	(588,191)	(2,094,963)	(411,869)	(3,095,023)
Other financing sources:				
Transfers in	609,805	2,094,963	411,869	3,116,637
Net change in fund balances	21,614	—	—	21,614
Fund balances at July 1	682,505	—	—	682,505
Fund balances at June 30	\$ 704,119	—	—	704,119

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual

Lighting and Sidewalk Construction Debt Service Fund

Year ended June 30, 2016

	Original budget	Final budget	Actual	Variance with final budget Positive (Negative)
Revenues:				
Investment earnings	\$ 42,100	42,100	42,472	372
Expenditures:				
Debt service:				
Principal retirement	510,000	510,000	510,000	—
Interest and fiscal charges	120,663	120,663	120,663	—
Total expenditures	630,663	630,663	630,663	—
Deficiency of revenues over expenditures	(588,563)	(588,563)	(588,191)	372
Other financing sources:				
Transfers in	588,563	588,563	609,805	21,242
Net change in fund balances	—	—	21,614	21,614
Fund balance at July 1	682,505	682,505	682,505	—
Fund balance at June 30	\$ 682,505	682,505	704,119	21,614

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual

Police Facility Debt Service Fund

Year ended June 30, 2016

	Original budget	Final budget	Actual	Variance with final budget Positive (Negative)
Revenues:				
Investment earnings	\$ —	—	—	—
Expenditures:				
Debt service:				
Principal retirement	1,180,000	1,180,000	1,180,000	—
Interest and fiscal charges	914,963	914,963	914,963	—
Total expenditures	2,094,963	2,094,963	2,094,963	—
Deficiency of revenues over expenditures	(2,094,963)	(2,094,963)	(2,094,963)	—
Other financing sources:				
Transfers in	2,094,963	2,094,963	2,094,963	—
Net change in fund balances	—	—	—	—
Fund balance at July 1	—	—	—	—
Fund balance at June 30	\$ —	—	—	—

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual

Parking Authority Debt Service Fund

Year ended June 30, 2016

	Original budget	Final budget	Actual	Variance with final budget Positive (Negative)
Revenues:				
Investment earnings	\$ —	—	—	—
Expenditures:				
Debt service:				
Principal retirement	120,000	120,000	120,000	—
Interest and fiscal charges	291,869	291,869	291,869	—
Total expenditures	411,869	411,869	411,869	—
Deficiency of revenues over expenditures	(411,869)	(411,869)	(411,869)	—
Other financing sources:				
Transfers in	411,869	411,869	411,869	—
Net change in fund balances	—	—	—	—
Fund balance at July 1	—	—	—	—
Fund balance at June 30	\$ —	—	—	—

OTHER CAPITAL PROJECTS FUNDS

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by Enterprise Funds and Trust Funds. Funds included are:

Capital Outlay Fund – To account for future capital projects and acquisitions of the City as determined by the City Council.

Parking Authority Projects Fund – To account for proceeds received from the Alhambra Parking Authority Lease Revenue Bonds for the construction of the new parking structure facility and any other approved capital improvement projects.

CITY OF ALHAMBRA
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2016

Assets	Capital outlay	Parking Authority	Total other Capital Projects funds
Cash and investments	\$ 193,445	—	193,445
Restricted cash and investments	—	258,333	258,333
Due from Successor Agency	301,961	—	301,961
Total assets	\$ 495,406	258,333	753,739
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 23,289	—	23,289
Due to other funds	60,392	—	60,392
Total liabilities	83,681	—	83,681
Deferred inflows of resources:			
Unavailable revenues	301,961	—	301,961
Fund balances:			
Restricted for capital projects	—	258,333	258,333
Assigned for various capital improvements	109,764	—	109,764
Total fund balances	109,764	258,333	368,097
Total liabilities and fund balances	\$ 495,406	258,333	753,739

CITY OF ALHAMBRA

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances

Other Capital Projects Funds

Year ended June 30, 2016

	<u>Capital outlay</u>	<u>Parking Authority</u>	<u>Total other Capital Projects funds</u>
Revenues:			
Intergovernmental	\$ —	—	—
Expenditures:			
Capital outlay	83,311	—	83,311
Debt service:			
Principal retirement	85,328	—	85,328
Interest and fiscal charges	13,086	—	13,086
Total expenditures	<u>181,725</u>	<u>—</u>	<u>181,725</u>
Deficiency of revenues over expenditures	(181,725)	—	(181,725)
Other financing sources:			
Transfers in	<u>643,058</u>	<u>—</u>	<u>643,058</u>
Net change in fund balances	461,333	—	461,333
Fund balance (deficit) at July 1	<u>(351,569)</u>	<u>258,333</u>	<u>(93,236)</u>
Fund balance at June 30	\$ <u><u>109,764</u></u>	<u><u>258,333</u></u>	<u><u>368,097</u></u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual

Capital Outlay Capital Projects Fund

Year ended June 30, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget Positive (Negative)
Revenues:				
Intergovernmental	\$ —	—	—	—
Expenditures:				
Capital outlay	555,750	585,750	83,311	502,439
Debt service:				
Principal retirement	85,328	85,328	85,328	—
Interest and fiscal charges	13,086	13,086	13,086	—
Total expenditures	<u>654,164</u>	<u>684,164</u>	<u>181,725</u>	<u>502,439</u>
Deficiency of revenues over expenditures	(654,164)	(684,164)	(181,725)	502,439
Other financing sources:				
Transfers in	<u>643,058</u>	<u>643,058</u>	<u>643,058</u>	—
Net change in fund balances	(11,106)	(41,106)	461,333	502,439
Fund deficit at July 1	<u>(351,569)</u>	<u>(351,569)</u>	<u>(351,569)</u>	—
Fund balance (deficit) at June 30	<u><u>\$ (362,675)</u></u>	<u><u>(392,675)</u></u>	<u><u>109,764</u></u>	<u><u>502,439</u></u>

CITY OF ALHAMBRA

Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual

Parking Authority Capital Projects Fund

Year ended June 30, 2016

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget Positive (Negative)
Revenues:				
Investment earnings	\$ —	—	—	—
Expenditures:				
Current:				
Public works	<u>345,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Deficiency of revenues over expenditures	<u>(345,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other financing uses:				
Transfers out	<u>345,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	690,000	—	—	—
Fund balance at July 1	<u>258,333</u>	<u>258,333</u>	<u>258,333</u>	<u>—</u>
Fund balance at June 30	\$ <u><u>948,333</u></u>	<u><u>258,333</u></u>	<u><u>258,333</u></u>	<u><u>—</u></u>

INTERNAL SERVICE FUNDS

Internal Service Funds have been established to finance and account for goods and services provided by one City department to other City departments or agencies.

Equipment Fund – This fund accounts for the operation, maintenance, and replacement of certain equipment of the vehicular fleet utilized by governmental operating departments and enterprise activities on a rental-fee basis.

Self-Insurance Fund – This fund administers the City's self-insured workers' compensation, health insurance, and general liability programs. The fund collects premiums from departments and employees, records the related liability, and makes benefit payments through outside settlement agents.

Compensated Absences Fund – This fund accounts for the City's compensated absences liability other than those liabilities accounted for in the Proprietary Funds. The fund assesses amounts from departments and makes final vested compensated absences payments to terminated or retired employees.

CITY OF ALHAMBRA
Combining Statement of Net Position (Deficits)
Internal Service Funds
June 30, 2016

Assets	Equipment	Self-insurance	Compensated absences	Total internal service funds
Current assets:				
Cash and investments	\$ 2,435,203	4,343,908	3,092,142	9,871,253
Restricted cash and investments	—	8,758	—	8,758
Accounts receivable	210	7,972	—	8,182
Total current assets	<u>2,435,413</u>	<u>4,360,638</u>	<u>3,092,142</u>	<u>9,888,193</u>
Noncurrent assets:				
Restricted cash and investments	—	2,423	—	2,423
Capital assets:				
Land	—	237,950	—	237,950
Machinery and equipment	6,222,368	—	—	6,222,368
Less accumulated depreciation	(5,051,972)	—	—	(5,051,972)
Total capital assets, net of accumulated depreciation	<u>1,170,396</u>	<u>237,950</u>	<u>—</u>	<u>1,408,346</u>
Total assets	<u>3,605,809</u>	<u>4,601,011</u>	<u>3,092,142</u>	<u>11,298,962</u>
Deferred outflow of resources:				
Deferred amount from pensions	67,104	47,354	—	114,458
Liabilities and Net Position (Deficits)				
Current liabilities:				
Accounts payable	119,667	277,124	—	396,791
Accrued liabilities	531	—	—	531
Due to other funds	—	598,298	—	598,298
Compensated absences	4,307	4,935	317,907	327,149
Deposits	—	8,758	—	8,758
Current portion:				
Self-insurance claims payable	—	1,892,104	—	1,892,104
Total current liabilities	<u>124,505</u>	<u>2,781,219</u>	<u>317,907</u>	<u>3,223,631</u>
Long-term liabilities (net of current portion):				
Compensated absences	39,395	49,613	2,639,930	2,728,938
Pension liability	773,402	503,446	—	1,276,848
OPEB liability	58,173	—	—	58,173
Self-insurance claims payable	—	9,627,146	—	9,627,146
Total long-term obligations	<u>870,970</u>	<u>10,180,205</u>	<u>2,639,930</u>	<u>13,691,105</u>
Total liabilities	<u>995,475</u>	<u>12,961,424</u>	<u>2,957,837</u>	<u>16,914,736</u>
Deferred inflow of resources:				
Deferred amount from pensions	78,375	55,308	—	133,683
Net position (deficits):				
Net investment in capital assets	1,170,396	237,950	—	1,408,346
Unrestricted	1,428,667	(8,606,317)	134,305	(7,043,345)
Total net position (deficits)	<u>\$ 2,599,063</u>	<u>(8,368,367)</u>	<u>134,305</u>	<u>(5,634,999)</u>

CITY OF ALHAMBRA

Combining Statement of Revenues, Expenses, and
Changes in Net Position

Internal Service Funds

Year ended June 30, 2016

	<u>Equipment</u>	<u>Self-insurance</u>	<u>Compensated absences</u>	<u>Total internal service funds</u>
Operating revenues:				
Charges for services	\$ 1,920,748	—	—	1,920,748
Self-insurance/compensated absences contributions	—	10,049,423	272,291	10,321,714
Total operating revenues	<u>1,920,748</u>	<u>10,049,423</u>	<u>272,291</u>	<u>12,242,462</u>
Operating expenses:				
Claims expense – liability	—	3,646,096	—	3,646,096
Claims expense – workers’ compensation	—	2,612,103	—	2,612,103
Claims expense – health insurance	—	4,380,050	—	4,380,050
Compensated absences	—	—	277,205	277,205
Vehicle expense	1,228,686	—	—	1,228,686
Depreciation	125,461	—	—	125,461
Total operating expenses	<u>1,354,147</u>	<u>10,638,249</u>	<u>277,205</u>	<u>12,269,601</u>
Operating income (loss)	<u>566,601</u>	<u>(588,826)</u>	<u>(4,914)</u>	<u>(27,139)</u>
Nonoperating revenues (expenses):				
Interest income	18,455	37,930	29,781	86,166
Gain on disposal of equipment	5,029	—	—	5,029
Other income	—	50,000	—	50,000
Total nonoperating revenues (expenses)	<u>23,484</u>	<u>87,930</u>	<u>29,781</u>	<u>141,195</u>
Income (loss) before transfers	<u>590,085</u>	<u>(500,896)</u>	<u>24,867</u>	<u>114,056</u>
Transfers in	9,222	33,046	—	42,268
Transfers out	<u>(69,919)</u>	<u>(129,159)</u>	<u>—</u>	<u>(199,078)</u>
Total transfers in (out)	<u>(60,697)</u>	<u>(96,113)</u>	<u>—</u>	<u>(156,810)</u>
Change in net position	529,388	(597,009)	24,867	(42,754)
Net position (deficits) at July 1	<u>2,069,675</u>	<u>(7,771,358)</u>	<u>109,438</u>	<u>(5,592,245)</u>
Net position (deficits) at June 30	\$ <u>2,599,063</u>	<u>(8,368,367)</u>	<u>134,305</u>	<u>(5,634,999)</u>

CITY OF ALHAMBRA
Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2016

	<u>Equipment</u>	<u>Self-insurance</u>	<u>Compensated absences</u>	<u>Total internal service funds</u>
Cash flows from operating activities:				
Cash received from customers	\$ 1,930,321	10,114,746	272,291	12,317,358
Cash paid for insurance premiums and self-insurance claims	—	(11,182,002)	—	(11,182,002)
Cash paid for compensated absences claims	—	—	(545,296)	(545,296)
Cash paid to suppliers for goods and services	(897,956)	—	—	(897,956)
Cash paid to employees for services	(332,269)	(256,869)	—	(589,138)
Other operating cash received	—	50,000	—	50,000
Net cash provided by (used in) operating activities	<u>700,096</u>	<u>(1,274,125)</u>	<u>(273,005)</u>	<u>(847,034)</u>
Cash flows from noncapital financing activities:				
Cash received on loans from other funds	—	598,298	—	598,298
Cash paid on loans from other funds	—	(115,471)	—	(115,471)
Transfers from other funds	9,222	33,046	—	42,268
Transfers to other funds	(69,919)	(129,159)	—	(199,078)
Net cash provided by (used in) noncapital financing activities	<u>(60,697)</u>	<u>386,714</u>	<u>—</u>	<u>326,017</u>
Cash flows from capital and related financing activities:				
Acquisitions and construction of capital assets	(940,138)	—	—	(940,138)
Proceeds from sale of capital assets	5,029	—	—	5,029
Net cash used in capital and related financing activities	<u>(935,109)</u>	<u>—</u>	<u>—</u>	<u>(935,109)</u>
Cash flows from investing activities:				
Interest received	18,455	37,930	29,781	86,166
Net increase (decrease) in cash and cash equivalents	<u>(277,255)</u>	<u>(849,481)</u>	<u>(243,224)</u>	<u>(1,369,960)</u>
Cash and cash equivalents at July 1	<u>2,712,458</u>	<u>5,204,570</u>	<u>3,335,366</u>	<u>11,252,394</u>
Cash and cash equivalents at June 30	<u>\$ 2,435,203</u>	<u>4,355,089</u>	<u>3,092,142</u>	<u>9,882,434</u>
Cash and investments	\$ 2,435,203	4,343,908	3,092,142	9,871,253
Restricted investments	—	11,181	—	11,181
Total cash and cash equivalents	<u>\$ 2,435,203</u>	<u>4,355,089</u>	<u>3,092,142</u>	<u>9,882,434</u>
Noncash investing, capital, and financing activities:				
Increase (decrease) in fair value of investments	458	—	934	

CITY OF ALHAMBRA
Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2016

	<u>Equipment</u>	<u>Self-insurance</u>	<u>Compensated absences</u>	<u>Total internal service funds</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 566,601	(588,826)	(4,914)	(27,139)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	125,461	—	—	125,461
(Increase) decrease in accounts receivable	9,573	65,323	—	74,896
(Increase) decrease in deferred charges	—	1,613	—	1,613
Increase (decrease) in accounts payable	16,802	22,993	—	39,795
Increase (decrease) in accrued liabilities	531	—	—	531
Increase (decrease) in self-insurance claims liability	—	(780,508)	—	(780,508)
Increase (decrease) in compensated absences liability	5,383	4,470	(268,091)	(258,238)
Increase (decrease) in pension liability	30,550	17,246	—	47,796
Increase (decrease) in OPEB liability	8,145	—	—	8,145
Increase (decrease) in retentions liability	—	(20,184)	—	(20,184)
Increase (decrease) in deposits	—	(1,832)	—	(1,832)
(Increase) decrease in deferred outflows	(7,067)	(4,988)	—	(12,055)
Increase (decrease) in deferred inflows	(55,883)	(39,432)	—	(95,315)
Other operating cash received (paid)	—	50,000	—	50,000
Total adjustments	<u>133,495</u>	<u>(685,299)</u>	<u>(268,091)</u>	<u>(819,895)</u>
Net cash provided by (used in) operating activities	<u>\$ 700,096</u>	<u>(1,274,125)</u>	<u>(273,005)</u>	<u>(847,034)</u>

Statistical Section

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	122
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	127
<i>These schedules contain information to help the reader assess the City's ability to generate its property tax.</i>	
Debt Capacity	131
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.</i>	
Demographic and Economic Information	137
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	140
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

CITY OF ALHAMBRA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 104,480,964	110,472,851	111,857,095	113,333,412	117,571,980	125,254,685	119,554,523	119,910,993	119,683,405	117,400,979
Restricted	24,764,479	1,832,264	8,499,470	7,872,152	29,145,405	12,815,183	24,880,029	24,277,963	23,216,172	24,558,784
Unrestricted (deficit)	(23,794,816)	(5,958,452)	(14,557,195)	(10,548,144)	(25,273,128)	4,297,460	(345,349)	(98,784,269)	(99,760,038)	(85,151,340)
Total government activities net position	\$ <u>105,450,627</u>	<u>106,346,663</u>	<u>105,799,370</u>	<u>110,657,420</u>	<u>121,444,257</u>	<u>142,367,328</u>	<u>144,089,203</u>	<u>45,404,687</u>	<u>43,139,539</u>	<u>56,808,423</u>
Business-type activities										
Net investment in capital assets	\$ 34,865,896	35,115,844	33,462,124	34,942,848	35,565,392	35,702,569	36,630,591	36,963,342	38,681,372	44,495,807
Restricted	15,560,967	9,434,618	1,830,685	1,160,950	1,160,870	1,160,870	1,160,340	1,160,870	1,160,870	1,192,524
Unrestricted (deficit)	(6,259,285)	2,496,740	14,183,095	16,768,604	18,676,679	23,703,279	25,477,477	20,565,272	22,645,476	18,270,056
Total business-type activities net position	\$ <u>44,167,578</u>	<u>47,047,202</u>	<u>49,475,904</u>	<u>52,872,402</u>	<u>55,402,941</u>	<u>60,566,718</u>	<u>63,268,408</u>	<u>58,689,484</u>	<u>62,487,718</u>	<u>63,958,387</u>
Primary government										
Net investment in capital assets	\$ 139,346,860	145,588,695	145,319,219	148,276,260	153,137,372	160,957,254	156,185,114	156,874,335	158,364,777	161,896,786
Restricted	40,325,446	11,266,882	10,330,155	9,033,102	30,306,275	13,976,053	26,040,369	25,438,833	24,377,042	25,751,308
Unrestricted (deficit)	(30,054,101)	(3,461,712)	(374,100)	6,220,460	(6,596,449)	28,000,739	25,132,128	(78,218,997)	(77,114,562)	(66,881,284)
Total primary government net position	\$ <u>149,618,205</u>	<u>153,393,865</u>	<u>155,275,274</u>	<u>163,529,822</u>	<u>176,847,198</u>	<u>202,934,046</u>	<u>207,357,611</u>	<u>104,094,171</u>	<u>105,627,257</u>	<u>120,766,810</u>

Source: City of Alhambra Finance Department

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 2,496,326	2,101,814	2,599,399	2,154,973	2,493,419	1,441,044	1,206,489	1,309,345	1,598,123	1,041,083
Public safety	36,661,871	40,247,664	39,274,021	40,075,442	42,807,574	43,467,450	43,666,780	43,976,801	46,458,791	42,918,861
Public works	7,875,341	7,802,271	7,458,819	8,078,818	8,445,460	8,106,881	9,946,710	8,415,715	8,023,192	7,006,245
Housing, health, and community development	9,383,035	11,397,493	16,288,258	14,706,263	12,464,262	8,161,367	8,683,130	8,139,588	7,650,827	8,487,433
Culture and recreation	8,335,108	9,015,048	9,762,657	9,486,289	9,541,415	9,482,993	8,913,765	9,519,514	9,279,212	9,052,940
Interest on long-term debt	4,616,075	4,393,572	4,204,612	3,757,768	3,447,568	2,427,493	1,355,529	1,398,665	1,249,673	1,135,837
Total governmental activities expenses	69,367,756	74,957,862	79,587,766	78,259,553	79,199,698	73,087,228	73,772,403	72,759,628	74,259,818	69,642,399
Business-type activities:										
Water	9,981,559	10,680,298	12,646,555	15,664,688	16,841,738	17,571,245	18,530,841	16,863,678	16,510,569	16,311,997
Sewer and storm drain	1,143,778	3,512,671	1,325,972	1,165,562	1,665,141	2,053,522	1,788,731	1,851,342	1,974,071	3,263,093
Sanitation	8,220,606	8,516,066	8,412,422	8,314,584	8,640,626	8,581,865	8,606,409	8,694,414	8,564,911	8,618,426
Golf course/clubhouse	1,685,874	1,620,486	2,066,788	1,545,348	1,622,215	1,541,488	1,621,155	2,321,926	1,478,101	1,484,380
Total business-type activities expenses	21,031,817	24,329,521	24,451,737	26,690,182	28,769,720	29,748,120	30,547,136	29,731,360	28,527,652	29,677,896
Total primary government expenses	90,399,573	99,287,383	104,039,503	104,949,735	107,969,418	102,835,348	104,319,539	102,490,988	102,787,470	99,320,295
Program Revenues										
Governmental activities:										
Charges for services:										
General government	594,731	864,906	370,254	1,249,498	1,323,682	670,662	1,249,282	1,771,545	1,980,803	1,730,037
Public safety	3,008,149	3,503,082	4,116,371	4,708,584	4,796,633	5,094,315	4,974,492	4,768,708	4,783,375	4,848,663
Public works	851	5,163	231,925	717,115	817,561	799,264	901,502	730,946	808,084	686,121
Housing, health, and community development	3,179,513	3,815,433	3,117,619	3,621,392	8,931,894	3,670,906	3,139,965	4,107,468	4,712,569	2,878,375
Culture and recreation	616,851	594,152	672,158	642,950	556,879	565,293	699,061	652,413	715,831	769,481
Operating grants and contributions	9,863,348	8,370,273	8,160,683	8,946,952	7,811,223	11,362,119	9,371,187	8,035,043	9,416,083	7,787,874
Capital grants and contributions	2,117,360	593,900	3,280,012	4,009,245	6,302,102	1,724,680	1,992,813	890,309	951,304	1,116,073
Total governmental activities program revenues	19,380,803	17,746,909	19,949,022	23,895,736	30,539,974	23,887,239	22,328,302	20,956,432	23,368,049	19,816,624
Business-type activities:										
Charges for services:										
Water	11,749,432	13,076,300	14,093,897	16,854,298	17,662,974	20,042,797	17,770,857	20,138,797	17,590,510	15,662,647
Sewer and storm drain	1,209,722	4,131,300	2,870,951	3,533,392	4,211,250	4,969,467	5,358,378	5,316,389	5,257,713	5,007,289
Sanitation	7,618,551	7,896,414	8,045,969	8,056,419	8,079,632	8,159,101	8,639,045	8,586,339	8,675,760	8,733,400
Golf course/clubhouse	1,934,318	1,902,054	1,808,266	1,805,396	1,767,913	1,876,052	1,785,118	1,768,206	1,667,428	1,624,973
Operating grants and contributions	24,300	26,892	36,714	684,730	476,018	45,824	22,626	22,240	22,489	-
Capital grants and contributions	1,445,800	-	-	-	-	-	-	-	-	233,000
Total business-type activities program revenues	23,982,123	27,032,960	26,855,797	30,934,235	32,197,787	35,093,241	33,576,024	35,831,971	33,213,900	31,261,309
Total primary government program revenues	43,362,926	44,779,869	46,804,819	54,829,971	62,737,761	58,980,480	55,904,326	56,788,403	56,581,949	51,077,933
Net (expense) revenue										
Government activities:										
General government	(49,986,953)	(57,210,953)	(59,638,744)	(54,363,817)	(48,659,724)	(49,199,989)	(51,444,101)	(51,803,196)	(50,891,769)	(49,825,775)
Business-type activities	2,950,306	2,703,439	2,404,060	4,244,053	3,428,067	5,345,121	3,028,888	6,100,611	4,686,248	1,583,413
Total government activities expenses	(47,036,647)	(54,507,514)	(57,234,684)	(50,119,764)	(45,231,657)	(43,854,868)	(48,415,213)	(45,702,585)	(46,205,521)	(48,242,362)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues and other changes in net assets										
Governmental activities:										
Taxes										
Property taxes and assessments	23,060,934	24,624,415	27,777,842	25,904,413	25,930,647	20,444,955	17,209,958	15,983,618	25,695,352	17,221,634
Sales taxes	13,991,430	13,487,579	13,131,359	12,091,702	12,574,181	13,123,551	14,681,954	15,103,394	15,672,583	16,811,427
Utility users tax	4,555,311	4,552,393	4,599,566	4,522,434	4,379,377	4,314,006	4,306,280	4,176,807	4,200,198	3,674,579
Franchise tax	1,429,838	1,409,671	1,620,966	1,397,198	1,582,465	1,374,734	1,383,051	1,625,107	1,703,961	1,634,312
Business license tax	1,530,590	1,541,285	1,560,820	1,459,853	1,525,781	1,540,172	1,467,043	1,544,170	1,703,822	1,733,813
Other taxes	689,745	748,634	342,860	344,337	580,551	183,436	511,096	654,609	1,343,268	966,689
Unrestricted intergovernmental	6,533,060	6,927,605	7,099,620	7,223,858	7,414,885	7,202,924	7,373,428	7,695,977	37,113	8,411,728
Unrestricted investment earnings	3,490,700	2,247,446	1,028,098	448,075	279,229	117,604	97,462	140,478	236,388	298,567
Miscellaneous	1,132,770	1,131,283	1,312,104	3,272,048	4,055,729	3,893,175	6,387,245	5,778,243	4,412,511	4,806,816
Gain from dissolution of Alhambra Redevelopment Agency	-	-	-	-	-	17,127,661	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-	-	7,067,037
Transfers	521,788	1,441,392	618,216	1,378,069	1,123,716	536,462	425,084	730,070	918,102	868,057
Total governmental activities	56,936,166	58,111,703	59,091,451	58,041,987	59,446,561	69,858,680	53,842,601	53,432,473	55,923,298	63,494,659
Business-type activities:										
Unrestricted investment earnings	1,566,729	1,068,213	440,663	198,203	125,419	114,178	108,708	142,339	257,655	310,702
Miscellaneous	176,436	227,227	202,195	332,311	100,769	240,940	269,937	231,891	564,699	444,611
Transfers	(521,788)	(1,441,392)	(618,216)	(1,378,069)	(1,123,716)	(536,462)	(425,084)	(730,070)	(918,102)	(868,057)
Total business-type activities	1,221,377	(145,952)	24,642	(847,555)	(897,528)	(181,344)	(46,439)	(355,840)	(95,748)	(112,744)
Total primary government	58,157,543	57,965,751	59,116,093	57,194,432	58,549,033	69,677,336	53,796,162	53,076,633	55,827,550	63,381,915
Change in net position										
Governmental activities:	6,949,213	900,750	(547,293)	3,678,170	10,786,837	20,658,691	2,398,500	1,629,277	5,031,529	13,668,884
Business-type activities:	4,171,683	2,557,487	2,428,702	3,396,498	2,530,539	5,163,777	2,982,449	5,744,771	4,590,500	1,470,669
Total primary government	\$ 11,120,896	3,458,237	1,881,409	7,074,668	13,317,376	25,822,468	5,380,949	7,374,048	9,622,029	15,139,553

Source: City of Alhambra Finance Department

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

	2007	2008	2009	2010	2011 (a)	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 749,277	580,523	365,112	522,890	-	-	-	-	-	-
Unreserved	17,755,050	9,643,774	8,746,072	7,557,236	-	-	-	-	-	-
Nonspendable	-	-	-	-	46,522	51,556	367,253	229,879	241,014	204,108
Restricted	-	-	-	-	-	119,495	29,217	9,338	80,763	132,155
Committed	-	-	-	-	7,294,001	7,367,005	9,066,012	9,199,106	10,092,235	9,752,721
Assigned	-	-	-	-	360,215	1,333,226	4,750,000	8,615,000	9,155,109	12,529,059
Unassigned	-	-	-	-	2,344,568	374,673	559,597	422,010	711,308	667,960
Total general fund	<u>18,504,327</u>	<u>10,224,297</u>	<u>9,111,184</u>	<u>8,080,126</u>	<u>10,045,306</u>	<u>9,245,955</u>	<u>14,772,079</u>	<u>18,475,333</u>	<u>20,280,429</u>	<u>23,286,003</u>
All other governmental funds										
Reserved	42,722,548	25,635,948	22,428,284	21,825,732	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	6,236,756	5,775,837	9,551,317	9,282,330	-	-	-	-	-	-
Capital projects funds	(5,303,620)	(3,547,173)	(7,661,214)	(7,545,656)	-	-	-	-	-	-
Nonspendable	-	-	-	-	8,926,332	6,828,432	6,379,987	-	-	-
Restricted	-	-	-	-	22,672,174	13,455,344	16,009,120	23,666,876	22,740,138	31,477,928
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	270,055	-	-	-	-	109,764
Unassigned	-	-	-	-	(6,419,922)	(903,290)	(468,941)	(227,422)	(351,569)	(118,756)
Total all other governmental funds	<u>43,655,684</u>	<u>27,864,612</u>	<u>24,318,387</u>	<u>23,562,406</u>	<u>25,448,639</u>	<u>19,380,486</u>	<u>21,920,166</u>	<u>23,439,454</u>	<u>22,388,569</u>	<u>31,468,936</u>
Total fund balances of governmental funds	<u>\$ 62,160,011</u>	<u>38,088,909</u>	<u>33,429,571</u>	<u>31,642,532</u>	<u>35,493,945</u>	<u>28,626,441</u>	<u>36,692,245</u>	<u>41,914,787</u>	<u>42,668,998</u>	<u>54,754,939</u>

(a) The City implemented GASB Statement 54 for the fiscal year ended June 30, 2011.

Source: City of Alhambra Finance Department

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes and assessments	\$ 45,029,280	46,636,926	48,626,945	45,026,592	46,522,914	40,716,426	39,471,603	39,255,283	42,127,913	43,120,375
Licenses and permits	1,367,898	1,904,899	1,582,805	2,358,794	2,299,908	2,770,921	2,363,316	3,747,136	3,597,720	2,541,139
Intergovernmental	20,027,456	15,080,385	16,982,893	19,427,236	18,714,051	21,698,120	17,861,083	16,054,914	18,559,631	17,093,372
Investment earnings	5,712,610	4,165,743	2,684,660	2,297,144	1,944,025	1,411,878	975,001	1,105,703	905,885	898,483
Charges for services	3,323,144	3,779,933	3,838,378	4,359,652	5,525,040	4,593,070	5,516,889	4,765,806	5,936,547	5,207,527
Fines and forfeitures	1,730,365	1,895,449	2,447,778	2,779,388	2,635,261	2,896,230	2,691,271	2,586,402	2,556,868	2,523,435
Sale of property	-	-	-	-	4,574,440	-	-	-	-	-
Other	2,634,908	997,554	2,028,670	2,532,749	3,871,871	3,501,797	5,856,252	6,017,557	4,447,961	4,004,789
Total revenues	<u>79,825,661</u>	<u>74,460,889</u>	<u>78,192,129</u>	<u>78,781,555</u>	<u>86,087,510</u>	<u>77,588,442</u>	<u>74,735,415</u>	<u>73,532,801</u>	<u>78,132,525</u>	<u>75,389,120</u>
Expenditures										
Current:										
General government	1,317,289	1,259,000	1,628,517	1,536,350	1,637,930	845,504	805,258	615,581	834,519	649,203
Public safety	34,765,412	38,983,131	38,043,590	38,267,493	39,097,289	40,806,858	40,737,400	41,863,526	42,680,608	44,118,244
Public works	4,264,232	4,315,686	4,089,876	4,074,480	4,025,650	3,684,696	3,309,247	4,074,220	3,990,566	3,927,835
Housing, health, and community development	5,760,374	6,021,223	6,128,649	9,341,786	5,947,773	6,238,845	7,319,093	8,051,158	7,217,479	8,322,877
Culture and recreation	7,516,724	8,188,781	8,682,199	8,140,923	7,706,239	7,198,675	7,329,956	7,969,674	7,677,061	8,063,827
Capital outlay	27,025,117	29,985,507	16,367,089	11,743,015	13,823,474	8,801,528	5,056,504	7,578,905	8,435,018	2,787,864
Debt service										
Principal retirement	5,328,830	5,654,491	5,606,023	5,832,222	6,058,473	2,772,857	3,469,852	3,352,301	2,799,611	2,136,581
Interest and fiscal charges	4,955,481	4,752,191	4,427,486	4,136,512	3,828,575	2,588,833	1,634,600	1,545,838	1,539,872	1,403,415
Bond issuance costs	-	-	-	-	-	-	-	303,130	-	-
Total expenditures	<u>90,933,459</u>	<u>99,160,010</u>	<u>84,973,429</u>	<u>83,072,781</u>	<u>82,125,403</u>	<u>72,937,796</u>	<u>69,661,910</u>	<u>75,354,333</u>	<u>75,174,734</u>	<u>71,409,846</u>
Excess (deficiency) of revenues over expenditures	(11,107,798)	(24,699,121)	(6,781,300)	(4,291,226)	3,962,107	4,650,646	5,073,505	(1,821,532)	2,957,791	3,979,274
Other financing sources (uses)										
Transfers in	15,273,367	15,217,753	15,256,365	14,695,984	11,355,057	8,232,977	6,389,865	6,062,993	6,825,538	6,196,182
Transfers out	(16,663,927)	(14,936,865)	(14,274,750)	(13,388,497)	(11,034,646)	(7,506,532)	(5,661,429)	(5,236,768)	(9,047,169)	(5,171,315)
Issuance of debt	3,195,212	92,238	-	-	-	-	-	6,565,000	-	-
Bond discount	-	-	-	-	-	-	-	(59,019)	-	-
Capital lease obligations	-	-	-	-	-	-	674,062	-	14,304	-
Sale of capital assets	-	254,893	1,140,347	16,820	(431,105)	12,423	1,589,801	53,065	3,747	14,763
Total other financing sources (uses)	<u>1,804,652</u>	<u>628,019</u>	<u>2,121,962</u>	<u>1,324,307</u>	<u>(110,694)</u>	<u>738,868</u>	<u>2,992,299</u>	<u>7,385,271</u>	<u>(2,203,580)</u>	<u>1,039,630</u>
Extraordinary items:										
Loss on the dissolution of the Alhambra Redevelopment Agency	-	-	-	-	-	(12,521,398)	-	-	-	-
Special item:										
Sale of property	-	-	-	-	-	-	-	-	-	7,067,037
Net change in fund balances	<u>\$ (9,303,146)</u>	<u>(24,071,102)</u>	<u>(4,659,338)</u>	<u>(2,966,919)</u>	<u>3,851,413</u>	<u>(7,131,884)</u>	<u>8,065,804</u>	<u>5,563,739</u>	<u>754,211</u>	<u>12,085,941</u>
Debt service as a percentage of noncapital expenditures										
	14.6%	13.7%	12.4%	12.8%	13.4%	8.0%	7.9%	7.5%	6.3%	5.1%

Source: City of Alhambra Finance Department

CITY OF ALHAMBRA
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal year ended June 30, 2007	City			Taxable assessed value	Total direct tax rate
	Secured government	Unsecured valuations	Exemptions		
2007	5,797,079,745	180,150,818	(143,282,522)	5,833,948,041	0.29425
2008	6,265,465,823	175,883,113	(139,039,357)	6,302,309,579	0.29425
2009	6,611,212,168	171,146,951	(161,773,143)	6,620,585,976	0.30268
2010	6,756,365,487	172,461,196	(176,215,907)	6,752,610,776	0.30642
2011	6,801,592,929	164,293,035	(172,541,477)	6,793,344,487	0.28988
2012	6,961,089,764	164,968,850	(170,857,782)	6,955,200,832	0.26617
2013	7,121,777,461	159,173,191	(170,766,894)	7,110,183,758	0.27638
2014	7,449,905,865	154,125,833	(173,280,405)	7,430,751,293	0.15913
2015	7,798,374,828	156,230,224	(169,055,883)	7,785,549,169	0.15936
2016	8,180,383,058	153,901,981	(205,525,227)	8,128,759,812	0.15958

Note:

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 reassessed at the time it is sold to a new owner and 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.

Source: Los Angeles County Auditor-Controller.

CITY OF ALHAMBRA
Direct and Overlapping Property Tax Rates
(Rate Per \$100 Of Taxable Value)
Last Ten Fiscal Years

Agency	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Alhambra City School Dist	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Alhambra Unified School District	0.05942	0.05460	0.03625	0.05151	0.05996	0.07411	0.05455	0.06666	0.06595	0.06558
Alhambra Usd Ds 1999 Series A	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01305	0.01305	0.00000	0.00000
County Detention Facilities 1987 Debt	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
La Ccd Ds 2008 2012 Series F	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01119	0.00000	0.00000	0.00000
La Community College District	0.02146	0.00879	0.02212	0.02311	0.04031	0.03530	0.03756	0.04454	0.04017	0.03575
La County Flood Control	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.01800
Mwd Excl. From City Of La Area-2104001	0.00230	0.00220	0.00210	0.00210	0.00200	0.00200	0.00180	0.00000	0.00000	0.00000
San Gabriel Unified	0.04930	0.05741	0.09294	0.10070	0.10190	0.08454	0.10523	0.10082	0.11444	0.10684
San Gabriel Vly Mwd State Water Bond	0.03230	0.03230	0.02830	0.02830	0.02830	0.02830	0.02830	0.02830	0.02830	0.00000
Total Direct & Overlapping (2) Tax Rates	1.17019	1.15981	1.18600	1.21002	1.23617	1.22795	1.25518	1.25687	1.25236	1.22617
City's Share of 1% Levy Per Prop 13 (3)	0.16425	0.16425	0.16425	0.16425	0.16425	0.16425	0.16425	0.16425	0.16425	0.16425
Redevelopment Rate (4)	1.02072	1.02000	1.01800	1.01800	1.01800	1.01800	—	—	—	—
Total Direct Rate (5)	0.27745	0.28608	0.28992	0.29311	0.28988	0.26617	0.27638	0.15913	0.15936	0.15958

Notes:

- (1) In 1978, California voters passed Proposition 13 which set 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 figures.
- (4) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(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 revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenged 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.

Source: County of Los Angeles Tax Assessor and the HdL Companies.

CITY OF ALHAMBRA
Principal Property Taxpayers
Current Year and Nine Years Ago

	2016		2007	
	Assessed valuation	Percentage of total assessed valuation	Assessed valuation	Percentage of total assessed valuation
Office Community LLC	\$ 177,698,474	2.19%	\$ 123,336,526	2.11%
Costco Wholwsale Corporation	38,294,505	0.47%	21,287,128	0.36%
Community Development Properties	26,850,275	0.33%	—	0.00%
Medical Investment Group	23,172,409	0.29%	—	0.00%
Home Depot U.S.A. Inc	21,469,822	0.26%	16,935,232	0.29%
Stanley Sirott Trust	21,182,286	0.26%	—	0.00%
Bank Property LLC	20,384,405	0.25%	—	0.00%
City Ventures Homebuilding	19,462,873	0.24%	—	0.00%
Kohl's Department Stores Inc	17,914,545	0.22%	—	0.00%
ARC Amahbc001 LLC	17,619,630	0.22%	—	0.00%
Pacific Bell Information Services	—	0.00%	32,489,460	0.56%
Ortel Corporation	—	0.00%	29,161,292	0.50%
Edwards Theatres Circuit	—	0.00%	24,693,904	0.42%
Alhambra Hospital Medical	—	0.00%	16,047,786	0.28%
International Extrusion Corporation	—	0.00%	16,050,178	0.28%
Wayne C. & Millicent J.Tam Trust	—	0.00%	14,816,284	0.25%
Price Reit Inc.	—	0.00%	12,806,100	0.22%
Total	\$ 384,049,224	4.71%	\$ 307,623,890	5.27%

Source: County of Los Angeles Tax Assessor and the HdL Companies.

CITY OF ALHAMBRA
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount (1)	Percent of Levy (1)
2006	6,287,000	5,503,000	88	237,000	5,740,000	91
2007	7,113,000	6,291,000	88	762,000	7,053,000	99
2008	7,364,000	6,653,000	90	738,000	7,391,000	100
2009	7,714,000	6,790,000	88	582,000	7,372,000	96
2010	7,814,000	7,152,000	92	938,000	8,090,000	104
2011	7,906,000	7,399,000	94	682,000	8,081,000	102
2012	8,169,000	7,649,000	94	508,000	8,157,000	100
2013	8,443,000	8,121,000	96	550,000	8,671,000	103
2014	8,813,808	8,618,285	98	718,000	9,336,285	106
2015	9,364,622	9,097,275	97	615,000	9,712,275	104
2016	9,797,283	9,483,239	97	663,000	10,146,239	104

(1) The City of Alhambra relies on information provided by the Los Angeles County Tax Assessor which does not clearly identify the year collected, thus the percentage of total collections to date to taxes levied for year may exceed 100%

Source: Los Angeles County Tax Assessor.

CITY OF ALHAMBRA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities						Business-type Activities		Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Tax Allocation Bonds	Certificates of Participation/ Lease Revenue Bonds	Assessment Bonds	Notes, Loan, and Advances	Capital Lease Obligations	Contractual Obligations	Certificates of Participation	Loans			
2007	53,068,963	30,891,094	5,360,000	6,395,824	244,588	5,101,030	16,158,351	1,957,812	119,177,662	N/A	1,339
2008	50,181,736	29,272,696	5,045,000	5,977,376	154,071	4,243,204	15,121,077	1,957,812	111,952,972	N/A	1,263
2009	47,179,508	27,582,358	4,710,000	5,542,493	73,851	3,855,831	14,005,740	1,957,812	104,907,593	N/A	1,184
2010	44,057,280	25,861,330	4,355,000	5,075,922	56,343	3,383,508	12,936,093	1,762,031	97,487,507	N/A	1,097
2011	40,805,052	24,061,002	3,980,000	4,572,400	37,941	2,952,079	12,345,749	1,566,250	90,320,473	N/A	1,009
2012	-	22,161,236	3,580,000	4,046,653	18,510	-	11,724,844	1,370,469	42,901,712	N/A	513
2013	-	20,197,309	3,155,000	2,828,396	599,697	-	11,078,098	1,174,688	39,033,188	N/A	463
2014	-	24,666,535	2,705,000	1,827,334	506,338	-	10,400,512	978,907	41,084,626	N/A	485
2015	-	22,432,947	2,225,000	1,613,160	420,265	-	9,695,106	783,126	37,169,604	N/A	439
2016	-	20,904,357	1,715,000	1,390,555	316,289	-	8,984,641	587,345	33,898,187	N/A	391

N/A - Not available

Source: City of Alhambra Finance Department

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

CITY OF ALHAMBRA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal years

Fiscal Year Ended June 30	Tax allocation bonds outstanding	Percent of assessed value (1)	Per capita
2007	53,068,963	0.91%	596
2008	50,181,736	0.80%	566
2009	47,179,508	0.71%	532
2010	44,057,280	0.65%	496
2011	40,805,052	0.60%	456
2012	—	0.00%	—
2013	—	0.00%	—
2014	—	0.00%	—
2015	—	0.00%	—
2016	—	0.00%	—

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which the City has none).

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Source: City of Alhambra Finance Department

CITY OF ALHAMBRA
 Direct and Overlapping Debt
 Current Year and Nine Years Ago
 (Unaudited)

2016

	Gross bonded debt balance	Percent applicable to city	Net bonded debt
Overlapping debt:			
*Metropolitan Water District	\$ 44,916,916	0.005	\$ 2,249
L.A. CCD DS 2001, 2006 Series B	53,535,000	1.154	617,628
LA CCD DS 2001, 2008 Series E-1	20,620,000	1.154	237,891
LA CCD DS 2003, 2008 Series F-1	20,270,000	1.154	233,853
LA CCD DS 2008, 2009 Taxable Series A	75,000,000	1.154	865,268
LA CCD DS 2008, 2010 Tax Series D	175,000,000	1.154	2,018,959
LA CCD DS 2008, 2010 Tax Series E (BABS)	900,000,000	1.154	10,383,219
LA CCD DS 2008, 2010 Series C	125,000,000	1.154	1,442,114
LA CCD DS 2013 REF BONDS	261,585,000	1.154	3,017,883
LA CCD DS 2015 REF Series A	230,000,000	1.154	2,653,489
LA CCD DS 2015 REF Series B	1,462,085,000	1.154	16,867,943
LA CCD DS 2015 REF Series C	42,000,000	1.154	484,550
LA CCD DS 2015	305,905,000	1.154	3,529,198
San Gabriel USD DS 2002 Series B	1,112,600	0.070	774
San Gabriel USD DS 2005 Ref Bonds	2,308,892	0.070	1,607
San Gabriel USD DS 2015	36,530,000	0.070	25,425
San Gabriel USD DS 2008 Series A	5,357,878	0.070	3,729
San Gabriel USD DS 2010 Ref Bonds	1,658,245	0.070	1,154
San Gabriel USD DS 2008 Series B	6,380,000	0.070	4,441
San Gabriel USD DS 2012 Ref Bond Series B	15,563,464	0.070	10,832
San Gabriel USD DS 2008 Series C	22,997,960	0.070	16,007
Alhambra USD DS 1999 Series A	4,090,537	66.729	2,729,586
Alhambra USD DS 1999 Series B	4,274,692	66.729	2,852,471
Alhambra USD DS 2005 Refund Bonds	4,565,000	66.729	3,046,192
Alhambra USD DS 2004 Series A	4,424,987	66.729	2,952,762
Alhambra USD DS 2008 Series A SFID	9,099,721	66.729	6,072,178
Alhambra USD-Garvey DS 2004 Series B	224,949,695	66.729	15,314,166
Alhambra USD DS 2008 Series B	27,215,000	66.729	18,160,374
Alhambra USD DS 2008 Series B-1 QSCB	9,833,000	66.729	6,561,490
Alhambra USD-Garvey DS 2012 Ref Series A	34,315,000	66.729	22,898,153
Alhambra USD-Garvey DS 2012 Ref Series B	15,600,000	66.729	10,409,768
Total overlapping debt			<u>133,415,353</u>
City direct debt:			
Certificates of participation/Lease Revenue Bonds		\$ 20,904,357	
Assessment bonds		1,715,000	
Notes, loans, advances		1,390,555	
Capital leases		316,289	
Total city direct debt			<u>24,326,201</u>
Total overlapping and direct debt			<u>\$ 157,741,554</u>
2015/16 Assessed Valuation: \$6,822,786,002 After Deducting \$1,305,973,810 Incremental Value			
Debt to assessed valuation ratios:	Direct debt	0.00%	
	Overlapping debt	1.96%	
	Total debt	1.96%	

* This fund is a portion of a larger agency, and is responsible for debt in areas outside the city.

CITY OF ALHAMBRA
 Direct and Overlapping Debt
 Current Year and Nine Years Ago
 (Unaudited)

2007

	Gross bonded debt balance	Percent applicable to city	Net bonded debt
Overlapping debt:			
LA CO Detention Facilities 1987 Debt Svc	\$ 8,395,000	0.607%	\$ 50,924
LA CO Flood Control Storm Dr. D.S. #4	370,000	0.631	2,333
LA CCD DS 2001 Series A	40,260,000	1.174	472,495
LA CCD DS 2003 Series B	27,774,898	1.174	325,969
LA CCD DS 2003 Series 2004 B	103,900,000	1.174	1,219,380
LA CCD DS 2001 Series 2004A	82,000,000	1.174	962,360
LACC DS REF 2001 Series 2005 A	433,540,000	1.174	5,088,067
LA CCD DS 2001 2006 Series B	350,000,000	1.174	4,107,708
San Gabriel USD DS 2002 Series A	11,697,600	0.030	3,542
San Gabriel USD DS 2002 Series B	6,728,892	0.030	2,038
San Gabriel USD DS 2005 Refunding Bonds	17,435,000	0.030	5,280
Alhambra USD DS 99 Series-A	8,530,561	67.530	5,760,714
Alhambra USD DS 99 Series B	9,038,640	67.530	6,103,821
Alhambra USD DS 2005 REF BDS	8,865,000	67.530	5,986,562
Alhambra USD DS 2004 Ser A	48,400,000	67.530	32,684,668
Total overlapping debt			<u>62,775,861</u>
City direct debt:			
Tax allocation bonds		\$ 53,068,963	
Certificates of participation		30,891,094	
Assessment bonds		5,360,000	
Notes, loans, advances		6,395,824	
Capital leases		244,588	
Contractual obligations		<u>5,101,030</u>	
Total city direct debt			<u>101,061,499</u>
Total overlapping and direct debt			<u>\$ 163,837,360</u>

2006/07 assessed valuation: \$4,914,864,613 after deducting \$919,083,428 redevelopment increment.

Debt to assessed valuation ratios:	Direct debt	0.00%
	Overlapping debt	1.28%
	Total debt	1.28%

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 obligations, and certificates of participation, unless provided by the city.

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 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: City of Alhambra Finance Department and the HdL Companies.

CITY OF ALHAMBRA
 Legal Debt Margin Information
 Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed valuation	\$ 5,516,947,141	6,441,348,936	6,782,359,119	6,928,826,683	6,965,885,964	7,126,058,614	7,280,950,652	7,604,031,698	7,954,605,052	7,923,234,585
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,379,236,785	1,610,337,234	1,695,589,780	1,732,206,671	1,741,471,491	1,781,514,654	1,820,237,663	1,901,007,925	1,988,651,263	1,980,808,646
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	206,885,518	241,550,585	254,338,467	259,831,001	261,220,724	267,227,198	273,035,649	285,151,189	298,297,689	297,121,297
Total net debt applicable to limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin	<u>\$ 206,885,518</u>	<u>241,550,585</u>	<u>254,338,467</u>	<u>259,831,001</u>	<u>261,220,724</u>	<u>267,227,198</u>	<u>273,035,649</u>	<u>285,151,189</u>	<u>298,297,689</u>	<u>297,121,297</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City of Alhambra Finance Department
 County of Los Angeles Tax Assessor

CITY OF ALHAMBRA
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Special Assessment Bonds				Tax Allocation Bonds (1)				Water Revenue Certificates of Participation			
	Special Assessments Collections	Debt Service		Coverage	Tax Increment	Debt Service		Coverage	Water System Net Revenue	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
2007	\$ 3,057,041	300,000	336,700	4.80	7,336,635	2,685,000	2,394,783	1.44	\$ 2,436,734	\$ 340,000	\$ 446,548	3.10
2008	3,173,110	315,000	318,653	5.01	7,859,086	2,795,000	2,296,863	1.54	3,199,148	500,000	625,168	2.84
2009	3,206,907	335,000	298,747	5.06	9,928,859	2,910,000	2,185,533	1.95	2,366,819	525,000	594,835	2.11
2010	3,192,399	355,000	277,616	5.05	8,341,468	3,030,000	2,060,451	1.64	1,893,046	550,000	579,043	1.68
2011	3,261,550	375,000	255,259	5.17	8,335,398	3,160,000	1,928,751	1.64	2,394,557	570,000	554,293	2.13
2012	3,435,974	400,000	231,525	5.44	9,117,355	3,285,000	1,797,309	1.79	3,354,406	600,000	519,691	3.00
2013	3,759,533	425,000	206,260	5.96	4,987,232	3,435,000	1,659,108	0.98	1,310,691	625,000	492,319	1.17
2014	3,522,728	450,000	179,463	5.60	6,948,835	(2)	1,394,436	4.98	4,758,713	655,000	463,746	4.25
2015	3,739,405	480,000	150,982	5.93	28,271	2,380,000	871,494	0.01 (3)	2,876,348	680,000	435,025	2.58
2016	3,681,461	510,000	120,663	5.84	5,214,628	2,815,000	1,055,550	1.35	1,774,810	710,000	406,740	1.59

(1) Through January 31, 2012, the date of dissolution of the Alhambra Redevelopment Agency, tax increment was reported within Governmental Activities. Beginning February 1, 2012, tax increment was reported within the Private Purpose Trust Fund.

(2) Bonds were refunded in December 2013, no principal payments were made in current year on new or refunded bonds.

(3) The Successor Agency to the City of Alhambra received a lesser amount of the increment since the Agency held excess tax increment from prior years which was available to fund debt service payments.

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

Source: City of Alhambra Finance Department

CITY OF ALHAMBRA
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	(1) Population	(2) Personal Income (thousands of dollars)	(2) Per Capita Personal Income	(2) Median Age	(3) Unemployment Rate
2006	88,990	1,813,001	20,373	—	4.1
2007	88,637	1,865,949	21,052	—	4.3
2008	88,614	1,879,363	21,208	—	6.4
2009	88,846	1,840,621	20,717	36.4	10.0
2010	89,501	2,066,936	23,094	38.2	10.9
2011	83,661	2,028,528	24,247	38.7	10.6
2012	84,240	2,069,861	24,571	39.2	8.0
2013	84,697	2,131,061	25,161	39.8	6.5
2014	84,736	2,153,820	25,418	39.8	5.4
2015	86,782	2,107,510	24,285	40.3	4.4

Sources: (1) State Department of Finance
(2) Estimates based on last available Census (HdL Companies)
(3) State of California Employment Development Department

CITY OF ALHAMBRA
Principal Employers
Current Year and Nine Years Ago

Employer	2016		2007	
	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
Alhambra City Schools	2,107	0.08%	3,000	N/A
Los Angeles County Public Works	1,661	0.06%	3,350	N/A
Edison Company	800	0.03%	—	N/A
Alhambra City Hall	650	0.02%	645	N/A
Alhambra Hospital	600	0.02%	600	N/A
LA County Community Development Commission	450	0.02%	—	N/A
Costco	433	0.02%	358	N/A
Target	275	0.01%	275	N/A
East LA Regional Center @ The Alhambra	250	0.01%	—	N/A
Atherton Baptist	241	0.01%	—	N/A
Home Depot	236	0.00%	236	N/A
The Alhambra Retirement Community	230	0.01%	—	N/A
USC Keck School of Medicine @ The Alhambra	200	0.01%	—	N/A
County of Los Angeles @ The Alhambra	—	0.00%	1,500	N/A
Southwest Administrators	—	0.00%	300	N/A
Empire Maintenance	—	0.00%	300	N/A

N/A - Not available

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: City of Alhambra Development Services Department

CITY OF ALHAMBRA
 Full-time Equivalent City Government Employees by Function/Program,
 Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	49.7	50.7	49.9	48.4	44.7	41.4	37.9	38.9	39.9	38.3
City council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Management services	6.9	6.9	6.4	5.6	5.8	5.4	4.4	4.9	4.9	4.3
Administrative services	5.8	5.8	5.0	6.3	6.3	6.3	6.3	6.3	6.3	6.8
Communications	1.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0
Finance	19.1	19.1	19.1	18.1	18.1	14.1	14.1	13.6	14.6	14.6
Personnel	5.9	5.9	6.4	6.4	3.0	4.2	4.2	4.2	4.2	3.0
Code enforcement	6.0	6.0	6.0	5.0	4.5	4.4	2.9	3.9	3.9	3.6
Police	154.4	154.4	154.4	153.4	153.4	141.4	141.4	141.4	141.4	141.4
Officers	90.0	91.0	91.0	90.0	90.0	90.0	90.0	85.0	85.0	85.0
Other	64.4	63.4	63.4	63.4	63.4	51.4	51.4	56.4	56.4	56.4
Fire	85.7	85.7	78.7	78.7	78.7	67.7	67.7	67.7	67.7	68.7
Firefighters/paramedics	77.0	77.0	68.0	68.0	68.0	60.0	60.0	60.0	60.0	59.0
Other	8.7	8.7	10.7	10.7	10.7	7.7	7.7	7.7	7.7	9.7
Public works	32.6	32.8	32.8	32.8	30.8	26.6	26.6	25.4	25.4	26.2
Housing, health and community development	9.6	9.1	9.1	8.4	7.5	3.9	10.3	12.9	12.9	13.9
Library	31.9	31.9	35.4	35.4	34.4	30.9	31.9	31.9	31.9	31.9
Community services	76.2	76.2	76.2	71.5	69.9	55.5	56.5	56.0	56.0	57.2
Water	38.9	38.9	38.5	39.0	46.5	53.3	53.3	55.0	55.0	53.0
Sewer and storm drain	7.3	8.3	8.3	8.3	6.8	6.8	7.0	7.3	11.3	10.3
Sanitation	20.0	19.9	20.3	20.3	20.3	16.4	16.4	14.8	14.8	14.8
Redevelopment agency	6.3	6.3	5.8	6.4	6.4	6.4	0.0	0.0	0.0	0.0
Total	512.6	514.2	509.4	502.6	499.4	450.3	449.0	451.3	456.3	455.7

Source: City of Alhambra Finance Department

CITY OF ALHAMBRA
 Operating Indicators by Function
 Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Arrests	1,933	2,303	2,557	2,154	1,941	1,802	1,768	1,783	1,606	1,813
911 calls	22,636	22,270	21,567	21,441	23,028	29,744	28,983	27,003	25,410	23,527
Fire										
Number of emergency calls in city	5,287	4,724	4,717	4,717	5,301	4,849	5,505	5,749	5,237	5,807
Inspections	1,342	1,389	1,200	1,037	1,744	1,277	1,677	1,775	1,989	2,729
Public works										
Street light bulbs replaced	1,590	1,301	1,379	981	875	902	856	956	952	950
Concrete repaired - linear feet	29,360	17,000	18,103	21,559	23,625	22,700	21,777	20,347	20,440	18,568
Graffiti abatement - square feet	780,595	212,267	318,582	145,522	146,830	146,176	104,327	99,050	78,659	73,091
Street sweeping miles	22,951	26,006	27,133	26,570	26,569	26,757	25,131	25,370	23,511	24,555
Trees trimmed	7,551	7,754	6,752	6,359	7,133	6,716	6,211	7,064	6,081	5,960
Building										
Number of residential permits issued	1,197	1,064	715	741	717	758	712	777	537	602
Number of commercial permits issued	406	321	206	178	181	141	144	206	144	163
Parks and recreation										
Number of recreation participants (1)	3,387	2,723	120,185	111,588	191,998	107,032	103,760	93,192	91,825	69,690
Number of facility rentals	2,841	4,483	5,427	5,592	3,644	4,225	1,237	1,536	4,747	4,421
Water										
Meter reads	101,556	101,388	101,297	103,033	104,214	102,813	103,182	103,461	103,007	104,291
Average daily consumption	11,868,493	11,581,100	13,627,000	12,459,819	12,204,162	12,085,306	12,471,520	12,798,402	11,490,011	10,007,723
Sewer										
Sewer service connections	16,926	16,898	16,442	16,763	16,801	16,804	16,832	16,898	16,931	16,639
Lift station inspections	1,840	2,555	2,550	2,555	2,555	2,555	2,555	2,555	2,555	2,555
Sanitation										
Number of trash pickups	18,862	18,869	18,877	18,869	18,835	18,807	18,929	18,937	18,958	18,981
Transit										
Community transit ridership	465,518	513,412	555,072	548,948	580,332	612,732	589,853	574,543	593,007	550,056
Library										
Number of items circulated	459,197	358,744	407,709	509,583	511,516	475,386	433,165	409,508	361,747	333,899
Number of items catalogued	10,902	14,480	18,964	21,048	18,276	16,873	18,416	16,959	16,968	15,174
Number of questions answered	81,078	70,957	96,467	107,648	104,154	113,406	114,119	115,177	96,036	101,194
Number of registrations	5,936	7,325	12,524	11,619	10,596	10,355	9,561	9,705	9,323	9,485
Children's program attendance	4,983	6,597	9,810	12,201	15,008	16,279	19,428	11,705	13,059	12,701
Golf course										
Golf rounds played	81,052	79,461	77,649	72,029	64,062	64,606	58,735	59,832	55,503	52,930

(1) Data collection method revised beginning 2009

N/A - Not available

Source: City of Alhambra

CITY OF ALHAMBRA
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works										
Street lights	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Street (miles)	130	130	130	130	130	130	130	130	130	130
Alleys (miles)	16	16	16	16	16	16	16	16	16	16
Parks and recreation										
Parks	6	6	6	6	6	6	6	6	6	6
Ballfields										
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water reservoir tanks	13	13	13	12	12	12	12	12	12	12
Reservoir storage (millions of gallons)	27.58	27.58	27.58	27.58	27.58	27.58	27.58	27.58	27.58	27.58
Wells	12	12	12	12	12	12	12	12	12	12
Sewer										
Sewer mains (miles)	130	130	130	130	130	130	130	130	130	130
Storm catch basins	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,101
Transit										
Total community transit route miles	174,848	175,947	176,244	176,252	177,109	187,605	187,653	186,687	183,841	184,539
Library										
Libraries	1	1	1	1	1	1	1	1	1	1
Golf course										
Municipal golf courses	1	1	1	1	1	1	1	1	1	1

N/A - Not available