

**NEW ISSUE**

**RATING**

**BOOK-ENTRY ONLY**

**S&P: AA-**

(See “CONCLUDING INFORMATION - Rating on the Bonds” herein)

*In the opinion of Quint & Thimmig LLP, Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See “TAX MATTERS” herein. Interest on the Bonds is not excludable from gross income of the owners thereof for federal income tax purposes.*

**\$54,085,000**  
**CITY OF BALDWIN PARK**  
**2019 TAXABLE PENSION OBLIGATION BONDS**

**Dated: Date of Delivery**

**Due: June 1 as shown on the inside front cover page**

The City of Baldwin Park (the “City”) is issuing its 2019 Taxable Pension Obligation Bonds (the “Bonds”) pursuant to Articles 10 and 11 (commencing with Section 53750) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and a Trust Agreement, dated as of March 1, 2019, between U.S. Bank National Association, as trustee (the “Trustee”) and the City (the “Trust Agreement”).

The Bonds are being issued to finance a portion of the City’s unfunded accrued actuarial liability to the California Public Employees’ Retirement System (“CalPERS”) for the benefit of the City’s employees and pay the costs incurred in connection with the issuance of the Bonds.

Pursuant to the Retirement Law (as defined herein), the City Council is required to make the appropriations to pay the amounts required to be paid by the City pursuant to the Retirement Law, including the portion of the unfunded accrued actuarial liability evidenced by the Bonds. The Bonds are payable from any legally available funds of the City. See “SOURCE OF PAYMENT FOR THE BONDS” and “RISK FACTORS” herein.

Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2019, until maturity or earlier redemption. See “THE BONDS - General Provisions” and “THE BONDS - Redemption” herein.

The cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “RISK FACTORS” herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. The Bonds do not constitute an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Bonds are being offered when, as and if issued, subject to the approval as to their legality by Quint & Thimmig LLP, Larkspur, California, Bond Counsel. Certain legal matters will also be passed upon for the City by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel, and by Tafoya & Garcia LLP, Los Angeles, California, as City Attorney. Certain matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about March 6, 2019 (see “APPENDIX E - THE BOOK-ENTRY SYSTEM” herein).

*The date of the Official Statement is February 20, 2019.*

**Ramirez & Co., Inc.**

**\$54,085,000**  
**CITY OF BALDWIN PARK**  
**2019 TAXABLE PENSION OBLIGATION BONDS**

**MATURITY SCHEDULE**

**\$24,205,000 Serial Bonds**

**(Base CUSIP®† 05822K)**

<b>Maturity Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Reoffering</b>	<b>Reoffering</b>	<b>CUSIP®†</b>
<b><u>June 1</u></b>	<b><u>Amount</u></b>	<b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	
2020	\$1,700,000	2.800%	2.800%	100.000	AA8
2021	1,745,000	2.850	2.850	100.000	AB6
2022	1,795,000	2.917	2.917	100.000	AC4
2023	1,845,000	2.971	2.971	100.000	AD2
2024	1,900,000	3.071	3.071	100.000	AE0
2025	1,960,000	3.251	3.251	100.000	AF7
2026	2,025,000	3.351	3.351	100.000	AG5
2027	2,090,000	3.450	3.450	100.000	AH3
2028	2,165,000	3.550	3.550	100.000	AJ9
2029	2,240,000	3.700	3.700	100.000	AK6
2030	2,325,000	3.900	3.900	100.000	AL4
2031	2,415,000	4.050	4.050	100.000	AM2

**\$7,865,000 4.250% Term Bond maturing June 1, 2034, Yield 4.250%, Price 100.000 CUSIP®† AN0**

**\$13,230,000 4.490% Term Bond maturing June 1, 2039, Yield 4.490%, Price 100.000 CUSIP®† AP5**

**\$8,785,000 4.590% Term Bond maturing June 1, 2044, Yield 4.590%, Price 100.000 CUSIP®† AQ3**

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the City, the Municipal Advisor or the Underwriter and are included solely for the convenience of the holders of the Bonds. None of the City, the Municipal Advisor or the Underwriter is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

**Effective Date.** This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described in this Official Statement.

**No Offering May be Made Except by This Official Statement.** No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Municipal Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

**Preparation of this Official Statement.** The information contained in this Official Statement has been obtained from sources that are believed to be reliable. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of the Bonds, the Trust Agreement or other documents, are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City Clerk for further information. See "INTRODUCTION - Summaries Not Definitive."

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**Bonds are Exempt from Securities Laws Registration.** The issuance, sale and delivery of the Bonds has not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the execution, sale and delivery of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

**Estimates and Forecasts.** When used in this Official Statement and in any continuing disclosure by the City, any press release and any oral statement made with the approval of an authorized officer of the City or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

**Stabilization of and Changes to Offering Prices.** In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside front cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

**City Website.** The City maintains a website. The information on such website is not part of this Official Statement and is not intended to be relied on by investors with respect to the Bonds unless specifically set forth or incorporated herein.

## **CITY OF BALDWIN PARK, CALIFORNIA**

### **CITY COUNCIL MEMBERS**

Manuel Lozano, *Mayor*  
Monica Garcia, *Mayor Pro Tem*  
Alejandra Avila, *Council Member*  
Paul C. Hernandez, *Council Member*  
Ricardo Pacheco, *Council Member*

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### **CITY STAFF**

Shannon Yauchzee, *Chief Executive Officer*  
Rose Tam, *Director of Finance*  
Maria Contreras, *City Treasurer*  
Samuel Gutierrez, *Director of Public Works*  
Benjamin Martinez, *Director of Community Development*  
Michael Taylor, *Chief of Police*  
Jean M. Ayala, *City Clerk*

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### **PROFESSIONAL SERVICES**

#### **Bond Counsel and Disclosure Counsel**

Quint & Thimmig LLP  
Larkspur, California

#### **City Attorney**

Tafoya & Garcia LLP  
Los Angeles, California

#### **Municipal Advisor**

Harrell & Company Advisors, LLC  
Orange, California

#### **Trustee**

U.S. Bank National Association  
Los Angeles, California

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**OFFICIAL STATEMENT**  
**\$54,085,000**  
**CITY OF BALDWIN PARK**  
**2019 TAXABLE PENSION OBLIGATION BONDS**

This Official Statement which includes the cover page, the inside front cover page and appendices (the “Official Statement”), is provided to furnish certain information concerning the sale of the City of Baldwin Park 2019 Taxable Pension Obligation Bonds (the “Bonds”), in the aggregate principal amount of \$54,085,000.

**INTRODUCTION**

*This Introduction contains only a brief description of this issue and does not purport to be complete. This Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision (see “RISK FACTORS” herein). For definitions of certain capitalized terms used herein and not otherwise defined, and the terms relating to the Bonds, see the summary included in “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT” herein.*

**The City**

The City of Baldwin Park (the “City”) was incorporated as a general law city in 1956. The City operates under the Council-chief executive officer form of government. The City encompasses 6.7 square miles and is located in the San Gabriel Valley area of Los Angeles County. Neighboring communities include West Covina, Irwindale and El Monte (see “CITY OF BALDWIN PARK” herein).

**Purpose**

Proceeds from the Bonds will be used to finance a portion of the cost of the City’s unfunded accrued actuarial liability to the California Public Employees’ Retirement System (“CalPERS”), and pay costs related to the issuance of the Bonds (see “THE FINANCING PLAN - Estimated Sources and Uses of Funds” herein).

**Security and Sources of Repayment**

The Bonds are secured under a Trust Agreement, dated as of March 1, 2019, (the “Trust Agreement”), by and between the City and U.S. Bank National Association, Los Angeles, California, as trustee (the “Trustee”) (see “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT” herein).

For the purpose of paying the principal of and interest on the Bonds, the City Council is obligated, under the Trust Agreement, to take such actions annually as are necessary or appropriate to cause the debt service on the Bonds due in any fiscal year to be included in the budget for such fiscal year and to make the necessary appropriations therefor from any legally available funds, including the General Fund, to ensure that sufficient sums are available to pay the annual principal of and interest on the Bonds as the same become due. See “SOURCE OF PAYMENT FOR THE BONDS” herein.

For a summary of the Trust Agreement, see “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT” herein. Certain capitalized terms used in this Official Statement and not otherwise defined have the meanings given them in “APPENDIX A.”

## **Limited Obligation**

The obligation of the City to pay the Bonds does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has pledged any form of taxation. The obligation of the City to pay the Bonds does not constitute a debt of the State of California (the “State”) or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

## **No Reserve Fund**

The City will not fund a reserve fund for the Bonds.

## **Legal Matters**

All legal proceedings in connection with the issuance of the Bonds are subject to the approving opinion of Quint & Thimmig LLP, Larkspur, California, as Bond Counsel. Such opinion, and certain tax consequences incident to the ownership of the Bonds are described more fully under the heading “TAX MATTERS” herein. Certain legal matters will be passed upon for the City by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel, and by Tafoya & Garcia LLP, Los Angeles, California, as City Attorney. Certain matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California.

## **Offering of the Bonds**

**Authority for Issuance and Delivery.** The Bonds are to be issued in accordance with applicable provisions of the California Government Code, the Trust Agreement, Resolution No. 2018-286 of the City adopted on August 15, 2018 and default judgement entered on January 15, 2019 by the Superior Court for the County of Los Angeles. See “THE FINANCING PLAN” herein.

**Offering and Delivery of the Bonds.** The Bonds are offered, when, as and if issued, subject to the approval as to their legality by Quint & Thimmig LLP, Larkspur, California, Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery on or about March 6, 2019 through the facilities of The Depository Trust Company. See “APPENDIX E - THE BOOK-ENTRY SYSTEM.”

## **Summaries Not Definitive**

The summaries and references contained herein with respect to the Trust Agreement, the Bonds, the Retirement Law and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Trust Agreement. Copies of the documents described herein are available for inspection during the period of initial offering of the Bonds at the offices of the Municipal Advisor. Copies of these documents may be obtained after delivery of the Bonds at the trust office of the Trustee, U.S. Bank National Association, Los Angeles, California or from the City at 14403 E. Pacific Avenue, Baldwin Park, California 91706.



## THE FINANCING PLAN

The City is a member of CalPERS and, as such, is obligated by the Public Employees’ Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the “Retirement Law”), and the contract between the Board of Administration of CalPERS and the City Council of the City, dated January 1, 1968, as amended (the “CalPERS Contract”), to make contributions to CalPERS to (a) fund pension benefits for City employees who are members of CalPERS, (b) amortize the unfunded accrued actuarial liability (the “Unfunded Liability”) with respect to such pension benefits, and (c) appropriate funds for the purposes described in (a) and (b).

Pursuant to the Retirement Law, the City Council is required to make the appropriations to pay the amounts required to be paid by the City pursuant to the Retirement Law, including the unfunded accrued actuarial liability that is evidenced by the Bonds. See “SOURCE OF PAYMENT FOR THE BONDS.”

On October 30, 2018, the City, acting pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure and Government Code Sections 53511 and 53589.5, filed a complaint in the Superior Court of the State of California for the County of Los Angeles seeking judicial validation of the proceedings and transactions relating to the issuance of the Bonds and certain other matters. On January 15, 2019, the court entered a default judgment (the “Validation Judgment”) to the effect, among other things, that the Bonds are valid obligations of the City and in conformity with all applicable provisions of law. See the section entitled “VALIDATION” for additional information regarding the legal effects of the Validation Judgment.

In August 2018, CalPERS notified the City as to the amount of the Unfunded Liability for each of the City’s Miscellaneous Plan, Safety Plan and PEPRSA Safety Plan based on the actuarial valuation reports as of June 30, 2017 (the “2017 CalPERS Reports”), which is the most recent actuarial valuation routinely performed by CalPERS.

The Bonds are being issued under the Trust Agreement to fund 100% of the City’s June 30, 2017 Unfunded Liability for its Miscellaneous Plan and its Safety Plan (but not the PEPRSA Plan), as of March 6, 2019. Upon the issuance of the Bonds, the City will pay \$53,703,547 to CalPERS for deposit to the CalPERS Payment Fund. This amount represents the June 30, 2017 Unfunded Liability for the Miscellaneous Plan and the Safety Plan, rolled forward to March 6, 2019 and taking into account payments made during 2017-18 and 2018-19, as shown in the table below:

<u>Plan</u>	<u>Funded Ratio</u> As of <u>June 30, 2017</u>	<u>Unfunded Liability</u> As of <u>June 30, 2017</u>	<u>June 30, 2017</u> <u>Unfunded Liability</u> <u>Rolled Forward</u> <u>to June 30, 2018</u>	<u>June 30, 2017</u> <u>Unfunded Liability</u> <u>Rolled Forward</u> <u>to March 6, 2019</u>
Miscellaneous Plan	70.7%	\$23,043,613	\$23,511,617	\$23,157,362
Safety Plan	72.7%	29,705,772	30,663,054	30,546,185
PEPRSA Safety Plan	94.9%	18,272	38,486	N/A

Source: California Public Employees’ Retirement System.

A new Unfunded Liability will be created as of June 30, 2018 which is not included in the 2017 CalPERS Reports since CalPERS will be implementing changes in the discount rates used to calculate the Unfunded Liability for fiscal year ending June 30, 2018 – causing the liability to increase, and actual investment results through June 30, 2018 will also be reflected. With respect to the new Unfunded Liability for the three plans, which has been estimated by the City to be in the range of \$5 million, the City could choose to pay it in a lump sum amount or in installments when due to CalPERS, or the City could choose to issue additional pension obligation bonds. Failure by CalPERS to achieve its target investment returns or certain future amendments to the CalPERS Contract which add additional value to any of the three plans in which

the City participates could also generate additional Unfunded Liability for the City (which could be paid as described in the foregoing sentence).

## Estimated Sources and Uses of Funds

Under the provisions of the Trust Agreement, the Trustee will receive the \$54,085,000.00 proceeds from the sale of the Bonds (the par amount of the Bonds) and will apply them as follows:

Transfer to CalPERS Payment Fund	\$53,703,547.00
Underwriter's Discount	148,733.75
Costs of Issuance Fund <sup>(1)</sup>	<u>232,719.25</u>
Total Uses of Funds	<u>\$54,085,000.00</u>

<sup>(1)</sup> Expenses include fees and expenses of Bond Counsel, Municipal Advisor, Disclosure Counsel and Trustee, rating fees, costs of printing the Official Statement, and other costs of issuance of the Bonds.

## THE BONDS

### General Provisions

**Payment of the Bonds.** The Bonds are issuable in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of the Closing Date and will mature on June 1 in the years and in the respective principal amounts and bear interest at the respective rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months) set forth on the inside front cover page hereof. Interest on the Bonds is payable on each June 1 and December 1, commencing June 1, 2019, (each, an "Interest Payment Date") until maturity.

Interest on the Bonds is payable from the Interest Payment Date immediately preceding the date of authentication thereof unless: (a) a Bond is authenticated on or before an Interest Payment Date and after the preceding Record Date, in which event it will bear interest from such Interest Payment Date, (b) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or (c) interest on a Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books on the immediately preceding Record Date, except as provided below. Interest on a Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner.

The Trustee will pay principal of the Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

**Book-Entry System.** DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. Interest on and principal of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest and principal to DTC Participants (as defined herein), which will in turn remit such interest and principal to Beneficial Owners (as defined herein) of the Bonds (see “APPENDIX E - THE BOOK-ENTRY SYSTEM” herein). As long as DTC is the registered owner of the Bonds and DTC’s book-entry method is used for the Bonds, the Trustee will send any notices to Bond Owners only to DTC.

## Redemption

**Optional Redemption.** The Bonds maturing on or before June 1, 2029, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after June 1, 2030, are subject to optional redemption from any source of available funds of the City, prior to their respective maturities, in whole or in part among maturities as specified by the City, and by lot within a maturity, on any date on or after June 1, 2029, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

**Sinking Account Redemption.** The Bonds maturing June 1, 2034, are subject to mandatory redemption from mandatory Sinking Account payments, in part, by lot, on June 1, 2032, and on each June 1 thereafter to and including June 1, 2034, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, as set forth below (subject to modification in the event of an optional redemption mentioned above):

<b>Redemption Date (June 1)</b>	<b>Principal Amount</b>
2032	\$2,515,000
2033	2,620,000
2034 (maturity)	2,730,000

The Bonds maturing June 1, 2039, are subject to mandatory redemption from mandatory Sinking Account payments, in part, by lot, on June 1, 2035, and on each June 1 thereafter to and including June 1, 2039, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, as set forth below (subject to modification in the event of an optional redemption mentioned above):

<b>Redemption Date (June 1)</b>	<b>Principal Amount</b>
2035	\$2,845,000
2036	2,975,000
2037	3,110,000
2038	2,190,000
2039 (maturity)	2,110,000

The Bonds maturing June 1, 2044, are subject to mandatory redemption from mandatory Sinking Account payments, in part, by lot, on June 1, 2040, and on each June 1 thereafter to and including June 1, 2044, from money on hand in the Sinking Account at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, as set forth below (subject to modification in the event of an optional redemption mentioned above):

<b>Redemption Date (June 1)</b>	<b>Principal Amount</b>
2040	\$2,125,000
2041	2,295,000
2042	1,755,000
2043	1,415,000
2044 (maturity)	1,195,000

**Notice of Redemption.** The Trustee on behalf and at the expense of the City will mail (by first class mail) notice of any redemption to the respective Owners of Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to the date fixed for redemption; *provided, however,* that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice must state the date of the notice, the redemption date, the redemption place and the redemption price and must designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and must require that such Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

So long as DTC is the registered Owner of the Bonds, all such notices will be provided to DTC as the Owner, without respect to the beneficial ownership of the Bonds. See “APPENDIX E - THE BOOK-ENTRY SYSTEM.”

**Right to Rescind Notice of Redemption.** The City has the right to rescind any notice of the optional redemption of Bonds by written notice to the Trustee prior to the dated fixed for redemption. Any notice of optional redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The City and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

**Manner of Redemption.** Whenever provision is made in the Trust Agreement for the redemption of less than all of the Bonds of a maturity, the Trustee shall select the Bonds of such maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

**Partial Redemption of Bonds.** If only a portion of a Bond is called for redemption, then upon surrender of such Bond the City will execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

**Effect of Redemption.** From and after the date fixed for redemption, if notice of redemption has been duly mailed and funds available for the payment of the principal of and interest on the Bonds so called for redemption have been duly provided, such Bonds so called shall cease to be entitled to any benefit under the Trust Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice.

## Scheduled Debt Service on the Bonds

The following is a schedule of annualized debt service on the Bonds, assuming no optional redemptions are made.

<u>Period Ending</u> <u>June 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2019		\$ 506,760.55	\$ 506,760.55
2020	\$ 1,700,000.00	2,146,279.98	3,846,279.98
2021	1,745,000.00	2,098,679.98	3,843,679.98
2022	1,795,000.00	2,048,947.48	3,843,947.48
2023	1,845,000.00	1,996,587.32	3,841,587.32
2024	1,900,000.00	1,941,772.36	3,841,772.36
2025	1,960,000.00	1,883,423.36	3,843,423.36
2026	2,025,000.00	1,819,703.76	3,844,703.76
2027	2,090,000.00	1,751,846.00	3,841,846.00
2028	2,165,000.00	1,679,741.00	3,844,741.00
2029	2,240,000.00	1,602,883.50	3,842,883.50
2030	2,325,000.00	1,520,003.50	3,845,003.50
2031	2,415,000.00	1,429,328.50	3,844,328.50
2032	2,515,000.00	1,331,521.00	3,846,521.00
2033	2,620,000.00	1,224,633.50	3,844,633.50
2034	2,730,000.00	1,113,283.50	3,843,283.50
2035	2,845,000.00	997,258.50	3,842,258.50
2036	2,975,000.00	869,518.00	3,844,518.00
2037	3,110,000.00	735,940.50	3,845,940.50
2038	2,190,000.00	596,301.50	2,786,301.50
2039	2,110,000.00	497,970.50	2,607,970.50
2040	2,125,000.00	403,231.50	2,528,231.50
2041	2,295,000.00	305,694.00	2,600,694.00
2042	1,755,000.00	200,353.50	1,955,353.50
2043	1,415,000.00	119,799.00	1,534,799.00
2044	<u>1,195,000.00</u>	<u>54,850.50</u>	<u>1,249,850.50</u>
Total	\$54,085,000.00	\$30,876,312.79	\$84,961,312.79

# **SOURCE OF PAYMENT FOR THE BONDS**

## **General**

The Bonds are obligations imposed by law payable from funds to be appropriated by the City pursuant to the Retirement Law, and therefore are payable from any source of legally available funds of the City, including but not limited to amounts held by the City on deposit in its General Fund. So long as any Bonds remain Outstanding, the City shall adopt all necessary budgets and make all necessary appropriations for the payment of principal of and interest on the Bonds from any source of legally available funds of the City. If any payment of principal of and interest on the Bonds requires the adoption by the City of a supplemental budget or appropriation, the City shall promptly adopt the same. The covenant to budget and appropriate payments on the Bonds is a duty imposed by law and it is the duty of each and every public official of the City to take such actions and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform this covenant.

The Trust Agreement requires the City to pay debt service payments to the Trustee at least 5 Business Days preceding each Interest Payment Date. The Trust Agreement secures the payment of the Bonds and obligates the Trustee to hold all the amounts on deposit in the Debt Service Fund and its accounts in trust for the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Trust Agreement, and the Bonds have a first and exclusive pledge and lien upon all moneys in the Debt Service Fund and its accounts.

The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligation of the City to make payments on the Bonds constitute an indebtedness of the City, the State of California, or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction.

## **Debt Service Fund**

The Trust Agreement establishes a separate fund to be known as the “Debt Service Fund,” to be held by the Trustee in trust for the benefit of the Owners. The Trustee will hold the Debt Service Fund for the uses and purposes set forth herein, so long as any of the Bonds remain Outstanding. The Trustee will deposit all amounts paid to it by the City in the Debt Service Fund promptly upon receipt.

On or before the Business Day preceding each Interest Payment Date, the Trustee shall transfer from the Debt Service Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Debt Service Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from insufficiencies of any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

*First:* to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds then Outstanding;

*Second:* to the Sinking Account, the mandatory sinking account payment becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date, if any; and

*Third:* to the Principal Account, the aggregate amount of principal becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date, if any.

## **No Reserve Fund**

The City will not fund a reserve fund for the Bonds.

# CITY OF BALDWIN PARK

## General Information

The City is located in eastern Los Angeles County (the “County”) near the intersection of Interstate 10 and Interstate 605 in the area of the County known as the “San Gabriel Valley.” The City is located 17 miles east of downtown Los Angeles, adjacent to the cities of West Covina, Irwindale and El Monte, just south of the foothills of the San Gabriel Mountains.

## General Organization

The City was incorporated as a general law city in 1956, and, operates under the City Council/Chief Executive Officer form of government. The City is governed by a five-member council consisting of four members each elected at large for four-year alternating terms and an elected Mayor. The positions of Chief Executive Officer and City Attorney are filled by appointments of the City Council.

The current members of the City Council, the expiration dates of their terms and key administrative personnel are set forth below.

### CITY COUNCIL

<u>Council Member</u>	<u>Term Expires</u>
Manuel Lozano, <i>Mayor</i>	November 2022
Monica Garcia, <i>Mayor Pro Tem</i>	November 2020
Alejandra Avila, <i>Council Member</i>	November 2022
Paul C. Hernandez, <i>Council Member</i>	November 2022
Ricardo Pacheco, <i>Council Member</i>	November 2020

### CHIEF ADMINISTRATIVE PERSONNEL

Shannon Yauchzee, *Chief Executive Officer*  
Rose Tam, *Director of Finance*  
Maria Contreras, *City Treasurer*  
Samuel Gutierrez, *Director of Public Works*  
Benjamin Martinez, *Director of Community Development*  
Michael Taylor, *Chief of Police*  
Jean M. Ayala, *City Clerk*

## Governmental Services

The City’s Fiscal Year 2018-19 budget provides for 187 full-time positions, including sworn police officers. The City has another 200 part-time budgeted positions in Fiscal Year 2018-19, primarily in Recreation and Community Services. The City provides a range of municipal services in addition to police protection. Other City services include recreation and community service, parks, street maintenance and improvements, storm drains maintenance and improvements, local transit services, planning, zoning, building inspection, code enforcement and general administrative and support services. The County provides fire, flood control and emergency services to the City, in addition to library services. The City also contracts with the County for animal control services.

## Transportation

Baldwin Park enjoys easy access to the Southern California Freeway System. A major east-west freeway, Interstate 10 (San Bernardino Freeway) runs through the southern section of the City. The City is also served by State Highway 60 (Pomona Freeway) to the south and Interstate 210 (Foothill Freeway) to the North, and State Highway 57 (Orange Freeway) to the east and Interstate 605 (San Gabriel Freeway) to the west.

A Metrolink line runs through the City, with a station adjacent to City Hall. This Metrolink line provides access from the City to downtown Los Angeles and east to San Bernardino County. A Transit Center and parking facility located between City Hall and the Metrolink Station serves both facilities.

Ontario International Airport is located 24 miles east of the City and is served by most domestic carriers. Los Angeles International Airport is located 35 miles west of the City and is served by every major airline.

## Population

The following table provides population growth for the City and the County between 2014 and 2018.

**TABLE NO. 1  
CHANGE IN POPULATION  
CITY OF BALDWIN PARK AND LOS ANGELES COUNTY  
2014 – 2018**

January 1 <u>Year</u>	<u>BALDWIN PARK</u>		<u>LOS ANGELES COUNTY</u>	
	<u>Population</u>	<u>Percentage Change</u>	<u>Population</u>	<u>Percentage Change</u>
2014	76,022		10,088,458	
2015	76,183	0.2%	10,149,661	0.6%
2016	76,116	(0.1%)	10,180,169	0.3%
2017	76,463	0.5%	10,231,271	0.5%
2018	76,708	0.3%	10,283,729	0.5%
% Change Between 2014 - 2018		0.9%	1.9%	

Source: State of California, Department of Finance, “E-4 Population Estimates for Cities, Counties and the State, 2011-2018, with 2010 Census Benchmark” Sacramento, California, May 2018.



## Per Capita Personal Income

The most recent available per capita personal income information for the County, the State of California and the United States are summarized in the following table. The City's per capita personal income is not available.

**TABLE NO. 2**  
**PER CAPITA PERSONAL INCOME**  
**LOS ANGELES COUNTY, STATE OF CALIFORNIA AND UNITED STATES**  
**2013 – 2017**

<u>Year</u>	<u>Los Angeles County <sup>(1)</sup></u>	<u>State of California <sup>(1)</sup></u>	<u>United States <sup>(1)</sup></u>
2013	\$49,010	\$49,173	\$44,826
2014	52,130	52,237	47,025
2015	55,366	55,679	48,940
2016	56,851	57,497	49,831
2017	58,419	59,796	51,640

<sup>(1)</sup> For Los Angeles County, State of California and United States, per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2013-2017 reflect county population estimates available as of March 2018.

Note: All dollar estimates are in current dollars (not adjusted for inflation).

Last updated: November 15, 2018, new statistics for 2017; revised statistics for 2013-2016.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

## Employment and Industry

As of December 2018, the civilian labor force for the City was approximately 35,400 of whom 33,700 were employed. The unadjusted unemployment rate as of December 2018 was 4.8% for the City as compared to 4.6% for the County and 4.1% for the State. Civilian labor force, employment and unemployment statistics for the City, County, the State and the nation, for the years 2013 through 2017 are shown in the following table:

**TABLE NO. 3  
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT  
ANNUAL AVERAGES**

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
<u>2013</u>				
City of Baldwin Park	35,457	30,923	4,534	12.8%
Los Angeles County	4,967,200	4,482,600	484,600	9.8%
California	18,625,000	16,958,400	1,666,600	8.9%
United States	155,389,000	143,929,000	11,460,000	7.4%
<u>2014</u>				
City of Baldwin Park	35,409	31,558	3,851	10.9%
Los Angeles County	5,004,100	4,591,100	413,000	8.3%
California	18,758,400	17,351,300	1,407,100	7.5%
United States	155,922,000	146,305,000	9,617,000	6.2%
<u>2015</u>				
City of Baldwin Park	34,990	31,919	3,071	8.8%
Los Angeles County	5,002,300	4,671,100	331,200	6.6%
California	18,896,500	17,724,800	1,171,700	6.2%
United States	157,130,000	148,834,000	8,296,000	5.3%
<u>2016</u>				
City of Baldwin Park	34,463	32,574	1,889	5.5%
Los Angeles County	5,054,900	4,789,500	265,400	5.3%
California	19,093,700	18,048,800	1,044,800	5.5%
United States	159,187,000	151,436,000	7,751,000	4.9%
<u>2017</u>				
City of Baldwin Park	34,986	33,214	1,772	5.1%
Los Angeles County	5,123,900	4,883,600	240,300	4.7%
California	19,312,000	18,393,100	918,900	4.8%
United States	160,320,000	153,337,000	6,982,000	4.4%

Note: The unemployment rate is calculated using unrounded data. Data may not add due to rounding.

Source: California State Employment Development Department and United States Bureau of Labor Statistics.

The City is located in the Los Angeles-Long Beach-Glendale Metropolitan Division.

**TABLE NO. 4**  
**LOS ANGELES-LONG BEACH-GLENDALE METROPOLITAN DIVISION**  
**WAGE AND SALARY WORKERS BY INDUSTRY <sup>(1)</sup>**  
**(in thousands)**

<b><u>Industry</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Government	570.5	581.9	591.4	596.0	592.8
Other Services	151.5	151.8	154.9	152.0	157.2
Leisure and Hospitality	471.6	498.2	518.5	531.7	556.1
Educational and Health Services	736.9	764.9	789.1	810.0	825.5
Professional and Business Services	597.0	607.0	611.6	626.1	642.5
Financial Activities	214.5	219.9	221.9	224.9	224.7
Information	201.5	217.4	227.0	218.9	219.3
Transportation, Warehousing and Utilities	170.6	179.4	191.7	199.8	203.1
Service Producing					
Retail Trade	440.3	441.1	441.9	440.9	438.6
Wholesale Trade	226.2	227.5	225.6	227.0	224.7
Manufacturing					
Nondurable Goods	161.1	159.0	154.4	146.4	145.0
Durable Goods	208.3	207.2	201.4	203.1	205.8
Goods Producing					
Construction	119.5	131.4	134.7	138.3	139.7
Mining and Logging	<u>3.1</u>	<u>2.7</u>	<u>2.4</u>	<u>2.2</u>	<u>2.3</u>
Total Nonfarm	4,272.6	4,389.4	4,466.5	4,517.3	4,577.3
Farm	<u>4.9</u>	<u>4.5</u>	<u>5.2</u>	<u>5.4</u>	<u>5.6</u>
Total (all industries)	<u>4,277.5</u>	<u>4,393.9</u>	<u>4,471.7</u>	<u>4,522.7</u>	<u>4,582.9</u>

<sup>(1)</sup> Annually, as of December.

Source: State of California Employment Development Department, Labor Market Information Division, "Industry Employment & Labor Force - by month March 2017 Benchmark."

**TABLE NO. 5  
MAJOR EMPLOYERS**

The major employers operating within the City and their respective number of employees as of June 30, 2018 were as follows:

<u>Name of Company</u>	<u>Employment</u>	<u>Type of Business/Service</u>
So. California Permanente Medical Group	1,943	Medical Group
Baldwin Park Unified School District	1,903	School District
United Parcel Service Inc.	841	Package Delivery Service
Walmart	331	Retail
Baldwin Park City Hall	303	City Government
Lighting Technologies International LLC	185	Specialty Lighting Products
Freudenberg Medical LLC	170	Designs/Manufactures Medical Devices
Universal Plastic Mold	167	Plastic Injection Molding Services
Target	161	Retail
Home Depot	149	Home Improvement Supplies

Source: City of Baldwin Park.

The City is not aware of any significant changes in its largest employers since June 2018.

### **Commercial Activity**

The following table summarizes the volume of retail sales and taxable transactions for the City for 2012 through 2016 (the most recent year for which statistics are available from the State Board of Equalization for the full year).

**TABLE NO. 6  
TOTAL TAXABLE TRANSACTIONS  
2012 – 2016**

<u>Year</u>	<u>Retail and Food Services (\$000's)</u>	<u>% Change</u>	<u>Total Taxable Transactions (\$000's)</u>	<u>% Change</u>
2012	\$412,363		\$537,527	
2013	409,864	(0.6)%	513,140	(4.5%)
2014	427,241	4.2%	505,558	(1.5%)
2015	435,215	1.9%	516,594	2.2%
2016	433,827	(0.3%)	523,462	1.3%

Source: State Board of Equalization, "Taxable Sales in California."

Taxable transactions by type of business for the City are summarized below for 2012 through 2016 (the most recent year for which full-year statistics are available).

**TABLE NO. 7**  
**CITY OF BALDWIN PARK**  
**TAXABLE TRANSACTIONS BY TYPE OF BUSINESS**  
**(in thousands)**  
**2012 – 2016**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<i>Retail and Food Services</i>					
Clothing and Clothing					
Accessories Stores	\$ 7,569	\$ 7,905	\$ 8,231	\$ 8,680	\$ 8,665
General Merchandise Stores	95,030	93,213	92,144	92,056	92,775
Food and Beverage Stores	29,746	29,840	31,252	32,499	33,017
Food Services and Drinking Places	72,053	74,182	81,432	89,403	92,446
Home Furnishings and					
Appliance Stores	4,619	6,208	6,610	8,205	9,000
Building Materials and Garden					
Equipment and Supplies	61,293	66,469	76,229	78,668	81,352
Motor Vehicle and Parts Dealers	26,903	23,907	25,354	30,099	30,797
Gasoline Stations	73,372	65,726	66,270	56,802	49,337
Other Retail Group	<u>41,778</u>	<u>42,415</u>	<u>39,720</u>	<u>38,804</u>	<u>36,437</u>
<b>Total Retail and Food Services</b>	<b>412,363</b>	<b>409,864</b>	<b>427,241</b>	<b>435,215</b>	<b>433,827</b>
<i>All Other Outlets</i>	<u>125,164</u>	<u>103,276</u>	<u>78,317</u>	<u>81,379</u>	<u>89,635</u>
<b>Total All Outlets</b>	<b>\$537,527</b>	<b>\$513,140</b>	<b>\$505,558</b>	<b>\$516,594</b>	<b>\$523,462</b>

Note: Detail may not compute to total due to rounding.

Source: California State Board of Equalization, "Taxable Sales in California Cities, by Type of Business."

## Building Activity

The following table summarizes building activity valuations for the City for the five fiscal years 2013-14 through 2017-18.

**TABLE NO. 8**  
**BUILDING ACTIVITY AND VALUATION**  
**2013-14 through 2017-18**

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
<b>Estimated Valuation</b>	\$10,310,638	\$19,389,123	\$20,225,255	\$92,828,663	\$34,572,812
<b>Building Permits Issued</b>	1,228	1,496	1,370	1,760	1,909

Source: Community Development Department, City of Baldwin Park.

# FINANCIAL INFORMATION

## Fiscal Policies

The City Council has adopted a Fund Balance Reserve Policy that forms the overall framework within which the City's General Fund operating budget is formulated.

### Fund Balance Reserve Policy

- The City will categorize its fund balances based on the nature and extent of the constraints placed on them in accordance with Governmental Accounting Standards Board Statement No. 54, using the following categories:
  - Nonspendable – including but not limited to inventories and prepaid items
  - Restricted – external restrictions
  - Committed – imposed by resolution
  - Assigned – general intent for specific use
  - Unassigned – residual balance
- The City will maintain reserve balance of 10% of General Fund budgeted operating expenditures, for emergency purposes or for fluctuations in the economy.
- The City has committed the Future Development fund balance for future projects.
- The City has committed the Community Enhancement fund balance for future community projects.

### Capital Improvement Projects

The City prepares a 5-year Capital Improvement Plan that details the anticipated projects to be funded, and identifies a funding source, if known. The 5-year Capital Improvement Plan is updated annually, and current fiscal year funding sources are appropriated.

### Debt Management Policy

The City has adopted a debt management policy to establish guidelines and parameters for the effective governance, management and administration of debt issued by the City and its related entities and to ensure compliance with legislation, statutes, and laws that place regulations on local agency debt. Five elements have been incorporated into this policy:

- The purposes for which the debt proceeds may be used.
- The types of debt that may be issued.
- The internal control procedures that the City has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.
- The relationship of the debt to, and integration with, the City's capital improvement program or budget, if applicable; and
- Policy goals related to the City's planning goals and objectives.

The City has a number of operational policies regarding purchasing, travel, credit cards, administration of federal grants to guide in the day to day operations of the City.

## **Budgetary Process and Administration**

The City budget is prepared under the direction of the Chief Executive Officer. Revenues are budgeted by source. Expenditures are budgeted by function, with sub classifications by department, cost center, object of expenditure, and project. Total budgeted expenditures of each Governmental Fund may not legally exceed such fund's appropriations.

The City Council approves total budgeted appropriations and any amendments to total appropriations made during the year. This appropriated budget covers substantially all City expenditures, with the exception of Assessment District and Low/Moderate Income Housing Special Revenue Funds and Debt Service and Capital Projects Funds, which have legally authorized nonappropriated budgets.

Department heads are authorized to transfer budgeted amounts up to \$10,000 between cost centers and any amount which does not alter total budgeted appropriations to a cost center. The Chief Executive Officer is authorized to transfer amounts in excess of \$10,000. City Council approval is required for any overall increase in total appropriations to a fund. The legal level of budgetary control is the fund level. All appropriations lapse at year-end and are appropriated and budgeted again, if necessary.

Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Such encumbrances are reappropriated into the City's budget for the next fiscal year.

## **Fiscal Year 2018-19 Outlook**

The City's local economy benefits from being part of the larger Los Angeles area economy and has produced steady growth in sales tax and property assessed values over the last several years. In the same period, the City's utility users tax and franchise fees have remained relatively flat.

Due to rising costs of salaries, pension and retiree health costs and general insurance costs, the City's theme for the Fiscal 2018-19 Budget was "Increase Reserves; Reduce Future Costs; Generate Long-Term Savings; Identify New Revenue Streams." In 2017, the City authorized medical and adult use commercial cannabis activities in the City (see "Commercial Cannabis Fees" below), which is expected to generate \$4.4 million in Fiscal Year 2018-19. The City has budgeted to set aside \$2 million generated by the fees in Fiscal Year 2018-19 in the Community Enhancement Fund for programs that benefit the community.

The issuance of the Bonds is part of the City's plan to manage its future pension expenditures. The debt service on the Bonds is relatively level compared to the steeply ascending UAL payments over the next several years. The City paid the final installment of debt service due for its 2007 Pension Obligation Bonds in June 2018. The savings generated in Fiscal Year 2018-19 as a result of the payment in full of the prior 2007 Pension Obligation Bonds is \$1.9 million.

## **Comparative General Fund Revenues and Expenditures**

The City's General Fund Budget includes programs which are provided on a largely city-wide basis. The programs and services are financed primarily by the City's share of property tax, sales tax, revenues from the State, and charges for services provided, as described below.

## **Budget and Actual Comparisons**

A comparison of the General Fund actual revenues and expenditures for Fiscal Years 2015-16 and 2016-17, unaudited revenues and expenditures for 2017-18 and the Fiscal Year 2018-19 Budget is shown in Table No. 9. Historical General Fund activity is shown in Table Nos. 16 and 17.

## **Revenues**

Revenues in Table No. 9 are categorized as:

- **Taxes.** Taxes are detailed in “TABLE NO. 14 - TAX REVENUES BY SOURCE,” and include general property tax (and property tax in lieu of vehicle license fees), sales tax, utility users tax, franchise tax, transient occupancy tax, and other taxes.
- **Licenses and Permits.** These revenues consist primarily of building construction permit fees, and the cannabis permit fees. Commercial Cannabis Fees are a combination of one-time administrative fee, annual mitigation fee and annual permit fees, and for 2018-19 are budgeted as “Licenses and Permits.” See “Commercial Cannabis Fees” herein.
- **Intergovernmental Revenues.** These revenues consist primarily of state payments from the Supplemental Law Enforcement Services Fund and reimbursement for other State-mandated costs.
- **Fines and Forfeitures.** These revenues are generated from vehicle code fines, parking and truck parking citations and code enforcement citations.
- **Use of Money and Property.** These revenues consist primarily of investment earnings and facility rental income.
- **Charges for Services.** The City charges fees for dispatch services and alarm response, plan checking, building inspection and other municipal services. The City also charges billboard fees. In addition, the City collects fees for its recreation programs as well as its latch-key childcare program.
- **Other Revenue.** This category consists generally of sale of property and other miscellaneous revenues.

The largest components of Fiscal Year 2018-19 General Fund budgeted revenues are property tax, including property tax in-lieu of motor vehicle license fees and Successor Agency residual property tax (35.2%) and sales tax (20.5%). The cannabis cultivation fees represent 13.3% of Fiscal Year 2018-19 General Fund budgeted revenues.

## **Expenditures**

The expenditures in Table No. 9 are categorized by governmental function. Each function generally includes salaries and benefits, materials and supplies, and capital outlay, if any.

Salaries and Benefits include direct personnel costs, benefits, health insurance costs and workers’ compensation and unemployment insurance costs. Materials and supplies include non-personnel operating costs and contract professional services.

Public safety expenditures represent approximately 67% of the total budgeted General Fund expenditures for Fiscal Year 2018-19.



**TABLE NO. 9  
CITY OF BALDWIN PARK  
GENERAL FUND REVENUES AND EXPENDITURES**

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget <sup>(1)</sup></u>
Revenues:				
Property Tax	\$ 3,957,924	\$ 3,605,804	\$ 3,944,479	\$ 4,127,117
Property Tax in Lieu of VLF	7,136,598	7,440,368	7,765,295	7,589,175
Sales Tax	5,918,556	5,715,049	6,421,277	6,526,652 <sup>(1)</sup>
Franchise Tax	2,435,827	2,416,043	2,563,354	2,521,835
Utility Users Tax	2,305,780	2,401,252	2,449,027	2,400,000
Other Taxes	988,250	1,251,337	1,547,602	1,484,700
Licenses and Permits	617,468	842,914	842,666	5,196,000 <sup>(2)</sup>
Intergovernmental Revenue	292,828	258,946	486,992 <sup>(3)</sup>	181,489
Fines and Forfeitures	728,760	693,331	672,890	500,000
Use of Money & Property	278,646	284,279	834,799 <sup>(4)</sup>	249,000
Charges for Services	1,585,906	1,968,118	2,162,576	1,909,923
Other Revenue	55,525	429,358	1,737,979 <sup>(5)</sup>	317,340
Proceeds of Loans <sup>(6)</sup>	-	<u>1,565,718</u>	<u>1,423,256</u>	-
Total Revenues	26,302,068	28,872,517	32,852,172	33,003,231
Expenditures:				
General Government	3,160,542	3,546,947	3,153,094	3,783,714
Public Safety	18,195,609	18,860,919	21,112,430	21,450,027
Community Development	1,208,325	1,153,584	1,496,599	1,172,831
Public Works	328,232	2,274,235	1,448,569	213,176
Recreation Services	3,507,485	3,422,281	3,407,173	3,674,920
Capital Outlay	59,326	17,420	62,276	62,580
Transfers Out	<u>1,307,361</u>	<u>915,740</u>	<u>679,857</u>	<u>770,467</u>
Total Expenditures	27,766,880	30,191,126	31,359,998	31,127,715
Net Change in Fund Balance	(1,464,812)	(1,318,609)	1,492,174	1,875,516
Beginning Fund Balance	<u>30,929,072</u>	<u>29,464,260</u>	<u>28,145,651</u>	<u>29,637,825 <sup>(7)</sup></u>
Ending Fund Balance	\$29,464,260	\$28,145,651	\$29,637,825	31,513,341
Fund Balance:				
Nonspendable	\$14,240,315	\$14,394,652	\$14,136,251	\$14,136,251
Committed/Unassigned	<u>15,223,945</u>	<u>13,750,999</u>	<u>15,501,574</u>	<u>17,377,090</u>
Total Fund Balance	\$29,464,260	\$28,145,651	\$29,637,825	\$31,513,341

<sup>(1)</sup> The City budgets its Future Development Fund and Community Enhancement Fund separately from the General Fund. All three funds are combined in the Comprehensive Annual Financial Report and in this Table No. 9. As adjusted from adopted budget for expected mid-year adjustments.

<sup>(2)</sup> Includes new cannabis fees. See “Commercial Cannabis Fees” below.

<sup>(3)</sup> Includes \$225,000 of Cannabis Administrative Fees. See “Commercial Cannabis Fees” below.

<sup>(4)</sup> Includes \$432,000 gain on sale of property.

<sup>(5)</sup> Includes \$442,000 sale of property and \$615,000 of Cannabis Mitigation Fees. See “Commercial Cannabis Fees” below.

<sup>(6)</sup> The City entered into an agreement with the California Energy Commission to purchase new HVAC, solar panels and other energy efficient equipment, which was disbursed to the City over 2 fiscal years. The project costs are reflected in the Public Works expenditures.

<sup>(7)</sup> As adjusted for actual 2017-18 results.

Source: City of Baldwin Park.

## Ad Valorem Property Taxes

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the City as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured,” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment in addition to a \$20 cost on the second installment. On July 1 of each fiscal year any property which is delinquent will become defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1½% per month to the time of redemption, together with any other charges permitted by law. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Property taxes on the unsecured roll become delinquent, if unpaid on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1½% per month begins to accrue on November 1 of the fiscal year. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder’s Office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

**Taxable Property and Assessed Valuation.** Set forth in Table No. 10 are historical assessed valuations for secured and unsecured property within the City. Article XIII A of the California Constitution prescribes the method for determining the full cash value of real property and the maximum ad valorem tax on real property. The full cash value, once established, is subject to annual adjustment to reflect inflation at a rate not to exceed 2% or a reduction in the California Consumer Price Index. There may also be declines in valuations if the California Consumer Price Index is negative.

Proposition 8 provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The City did not experience any significant Proposition 8 reductions in property values during the recent recession, although assessed value remained generally level between 2012 and 2014, after a reduction of 1.5% in 2011. See “RISK FACTORS - Constitutional Limitation on Taxes and Expenditures - Article XIII A” and “- Proposition 8 Adjustments” herein.

**TABLE NO. 10  
CITY OF BALDWIN PARK  
GROSS ASSESSED VALUE OF ALL TAXABLE PROPERTY**

<u>Fiscal Year</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2009-10	\$3,518,993,490	\$175,025,517	\$3,694,019,007	
2010-11	3,469,959,184	167,233,038	3,637,192,222	(1.5)%
2011-12	3,505,143,370	164,366,963	3,669,510,333	0.9%
2012-13	3,543,142,114	160,629,421	3,703,771,535	0.9%
2013-14	3,648,906,918	158,855,798	3,807,762,716	2.8%
2014-15	3,860,155,370	179,014,119	4,039,169,489	6.1%
2015-16	4,037,671,418	175,735,637	4,213,407,055	4.3%
2016-17	4,215,084,781	177,666,764	4,392,751,545	4.3%
2017-18 <sup>(1)</sup>	4,409,945,752	174,640,902	4,584,586,654	4.4%
2018-19 <sup>(1)</sup>	4,692,633,686	190,129,893	4,882,763,579	6.5%

<sup>(1)</sup> These values are reported by the County of Los Angeles after the tax roll is equalized and may be different than values shown as of June 30 each fiscal year in the statistical section of the City’s Comprehensive Annual Financial Report, which can contain mid-year roll adjustments. Values shown for all other fiscal years have already been adjusted.

Source: County of Los Angeles Auditor-Controller.

**Largest Taxpayers.** The principal property taxpayers for Fiscal Year 2017-18 are as shown in Table No. 11.

**TABLE NO. 11  
CITY OF BALDWIN PARK  
LARGEST PROPERTY TAXPAYERS**

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Total</u>
In-N-Out Burger Inc.	\$ 37,389,032	0.82%
Wal Mart Real Estate Business Trust	31,756,863	0.69%
Sierra Center Investments LLC	27,186,315	0.59%
Home Depot USA Inc.	20,027,925	0.44%
J and J Warehouse Company LLC Et Al.	18,224,120	0.40%
LBA RV Company XII LP	17,176,800	0.37%
Target Corporation	16,096,583	0.35%
M and A Gabaee LP	15,813,678	0.34%
Baldwin Ohana LP	14,634,273	0.32%
Otting Properties Inc.	<u>14,364,585</u>	<u>0.31%</u>
Total	\$212,670,174	4.64%

Source: City of Baldwin Park.

**Property Tax Collections.** A five-year history of property tax levies and collections for the City are set forth in Table No. 12. The County has not adopted the Teeter Plan.

**TABLE NO. 12  
CITY OF BALDWIN PARK  
TAX LEVIES AND COLLECTIONS**

<b>Fiscal Year Ended <u>June 30</u></b>	<b>Total Tax Levy for <u>Fiscal Year</u></b>	<b>Collections in Fiscal Year <sup>(1)</sup></b>	
		<b><u>Amount</u></b>	<b><u>Percent of Levy</u></b>
2014	\$5,618,605	5,641,888	100%
2015	5,851,753	5,822,686	100%
2016	5,745,219	5,700,095	99%
2017	6,109,703	6,051,017	99%
2018	6,075,936	6,176,434	102%

<sup>(1)</sup> Includes collection of delinquent taxes and supplemental assessments, net of current year delinquencies.

Source: City of Baldwin Park and Los Angeles County Auditor-Controller.

**Redevelopment - Related Property Tax Considerations.** The California Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State) authorized the redevelopment agency of any city or county to receive an allocation of tax revenues resulting from increases in assessed values of properties within designated redevelopment project areas (the “incremental value”) occurring after the year the project area was formed. In effect, local taxing authorities, such as the City, realized tax revenues only on the assessed value of such property at the time the redevelopment project was created for the duration of such redevelopment project. Although Assembly Bill No. 26 (“AB X1 26”), enacted on June 29, 2011 as Chapter 5 of Statutes of 2011, statutorily dissolved redevelopment agencies as of February 1, 2012, the enforceable obligations of dissolved redevelopment agencies continue to be paid from property taxes derived from such incremental value until the enforceable obligations are paid in full in accordance with Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as such statutory provisions may be amended from time to time the “Dissolution Act”).

There were five active redevelopment projects in the City when the Dissolution Act was enacted (the “Project Areas”). Table No. 13 sets forth total assessed valuations and Successor Agency Project Areas’ incremental values.

**TABLE NO. 13  
CITY OF BALDWIN PARK  
TOTAL AND NET PROPERTY TAX VALUATIONS**

<b><u>Fiscal Year</u></b>	<b><u>Total Assessed Valuation</u></b>	<b><u>Successor Agency Incremental Value</u></b> <sup>(1)</sup>	<b><u>Net Value</u></b>	<b><u>Percent Change</u></b>
2014-15	\$4,039,169,489	\$801,449,590	\$3,237,719,899	
2015-16	4,213,407,055	826,486,468	3,386,920,587	4.6%
2016-17	4,392,751,545	854,810,873	3,537,940,672	4.5%
2017-18	4,584,586,654	875,423,559	3,709,163,095	4.8%
2018-19	4,882,763,579	979,016,968	3,903,746,611	5.2%

<sup>(1)</sup> Excluding the assessed value of one redevelopment project area that had expired prior to the adoption of the Dissolution Act.

Source: County of Los Angeles Auditor-Controller.

In the first year after redevelopment agencies were statutorily dissolved, the Dissolution Act established a process for determining the liquid assets that redevelopment agencies should have shifted to their successor agencies when they were dissolved, and the amount that should be available for remittance by the successor agencies to their respective county auditor-controller for distribution to affected taxing entities within the project areas of the former redevelopment agencies. This determination process is commonly known as the “due diligence review process” and was required to be completed through the final step (review by the State Department of Finance) by November 9, 2012 with respect to affordable housing funds and by April 1, 2013 with respect to non-housing funds. Generally, redevelopment agencies were required to remit to their respective county auditor-controller the amount of unobligated balances determined by the State Department of Finance. In turn, such remitted unobligated balances were distributed to taxing entities within the applicable redevelopment project area (including the City with respect to its redevelopment project) in proportion to such taxing entity’s share of property tax revenues in the tax rate area for the applicable fiscal year.

The Dissolution Act also provides for proceeds of the sale of land owned by redevelopment agencies at the time of their statutory dissolution to be remitted to the applicable county auditor-controller for distribution to the affected taxing entities within the applicable redevelopment project area (including the City with respect to its redevelopment project) in proportion to such taxing entity’s share of property tax revenues in the tax rate area for the applicable fiscal year.

Further, under the Dissolution Act, taxing entities within the City’s Project Areas, such as the City, are to receive distributions (in proportion to such taxing entity’s share of property tax revenues in the tax rate area for the applicable fiscal year) of residual amounts of property taxes attributable to incremental value of such redevelopment project on each June 1 and January 2, after payment of: (i) tax sharing obligations established previously pursuant to the Community Redevelopment Law, (ii) enforceable obligations of the successor agency to the former redevelopment agency, and (iii) an administrative cost allowance to such successor agency. The City’s approximate share of the residual amounts is 18%. As enforceable obligations of the former redevelopment agency and its successor agency are paid and retired, residual amounts of property tax revenues attributable to redevelopment project area incremental value are expected to increase over time.

The following table shows the annual residual property taxes that have been received by the City in the five previous fiscal years.

<u>Fiscal Year</u>	<u>Residual Taxes</u>
2013-14	\$ -
2014-15	258,650
2015-16	378,097
2016-17	156,616
2017-18	512,654

Source: County of Los Angeles Auditor-Controller.

**Property Taxes in Lieu of Motor Vehicle License Fees.** The motor vehicle license fee (“VLF”) is an annual fee on the ownership of a registered vehicle in California. The City received a portion of VLF collected state-wide, until State budget changes altered the payment from a distribution of VLF to a payment of property taxes in lieu of VLF. The total amount budgeted for Fiscal Year 2018-19 is approximately \$7.6 million and is shown in Table No. 14 as “Property Tax in Lieu of VLF.”

## Local Taxes

In addition to ad valorem taxes on real property, the City receives the following non-real estate local taxes (see “RISK FACTORS - Constitutional Limitation on Taxes and Expenditures - Proposition 218” herein):

**Sales and Use Taxes.** Sales tax is collected and distributed by the State Board of Equalization. Each local jurisdiction receives an amount equal to 1% of taxable sales within their jurisdiction.

The figures shown in Table No. 14 for sales tax revenues include property tax that the City received in lieu of sales tax because of the “Triple Flip.” On March 2, 2004, voters approved a bond initiative formally known as the “California Economic Recovery Act.” This act authorized the issuance of \$15 billion in bonds to finance the Fiscal Year 2002-03 and Fiscal Year 2003-04 State budget deficits, which would be payable from a fund to be established by the redirection of tax revenues through a process dubbed the “Triple Flip.”

Under the “Triple Flip,” one-quarter of local governments’ 1% share of the sales tax imposed on taxable transactions within their jurisdiction was redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation provided for property taxes in the Educational Revenue Augmentation Fund (“ERAF”) to be redirected to local government. Because the ERAF moneys were previously earmarked for schools, the legislation provides for schools to receive other state general fund revenues. The swap of sales taxes for property taxes terminated once the deficit financing bonds were repaid in September 2015. The City treated the Triple Flip property tax revenue as sales tax in its financial statements. There was a final one-time Triple Flip adjustment payment in 2015-16.

The City also receives a portion of a permanent statewide ½ cent sales tax increase approved by voters in 1993 by Proposition 172. Sales tax generated by this increase is recorded in the General Fund and used to offset certain expenses for public safety.

Further, in 1985, the City adopted an ordinance directing the State Board of Equalization to remit all sales tax collected within the boundaries of the former Redevelopment Agency’s Puente-Merced Redevelopment Project directly to the former Redevelopment Agency (the “Sales Tax Ordinance”). Such sales tax was pledged to former Redevelopment Agency bonds. In 2017, the Successor Agency refinanced the bonds and eliminated the sales tax pledge. The City rescinded the Sales Tax Ordinance and beginning in 2017-18, such sales tax is remitted to the City except for a small final payment to the Successor Agency in that year.

**Franchise Taxes.** The City levies a franchise fee on its cable television, solid waste collection and official police tow services.

**Utility Users Tax.** The City levies a utility users tax, which was first levied pursuant to an ordinance enacted in 1985 at 5%. The tax was amended by ordinance in 1991 to reduce the rate to 3%. Further amendments in 2006 and 2012 were adopted to make technical corrections. The current tax rate applies to electricity, water, cable television, telephone and gas services, with certain exemptions for senior citizen, handicapped and low-income residents.

**Transient Occupancy Tax.** The City levies a transient occupancy tax on hotel and motel bills. The City's current transient occupancy tax ordinance provides for a rate of 10%. The rate was last modified by ordinance adopted in 1978.

**Business License Taxes.** The City levies a business license tax based on number of employees. The City's business license tax fee schedule is modified periodically. There is no time limit established for the collection of the utility users tax, franchise tax, transient occupancy tax or business license tax. See "RISK FACTORS - Constitutional Limitation on Taxes and Expenditures - Proposition 218" herein.

A history of actual tax revenue by source are shown, together with estimates for Fiscal Year 2017-18 and the budget for Fiscal Year 2018-19 in Table No. 14.

## **Commercial Cannabis Fees**

The City adopted an ordinance in 2017 authorizing the cultivation and manufacture of medical and adult use cannabis in certain industrial-commercial zoned areas of the City subject to the terms of a Development Agreement. The Development Agreements provide that the fee for a permit to operate a cultivation/manufacturing facility is based on a charge of \$10 per square foot of the facility, with a minimum \$220,000 in 2018 (i.e. a minimum charge based on 22,000 square feet even if facility is smaller than 22,000 square feet), increasing to \$12.50 per square foot in 2019, \$15.00 per square foot in 2020. In the following two years, the fee will increase by the consumer price index. The fee is subject to negotiation following the 5<sup>th</sup> year. The annual cultivation fee is payable in 2 installments by December 31 and June 30 in each fiscal year. There is also an annual \$50,000 public safety mitigation fee paid by the cultivators/manufacturers by each June 30, as well as a one-time \$15,000 administration fee.

The City originally approved 15 Development Agreements, but recently amended the municipal code to allow up to 25 Development Agreements for this purpose. To date, the City has entered into 18 Development Agreements. For Fiscal Year 2018-19, the first full fiscal year of any operation under the permits, the fees are budgeted to generate approximately \$4.46 million. In 2017-18, the fees for 15 businesses generated \$840,000 - \$225,000 in administration fees and \$615,000 in public safety mitigation fees.

Due to the time required for these businesses to commence operations after approval for the Development Agreement, the City deferred the first half of the cultivation fee for Fiscal Year 2017-18 due June 30, 2018 to be paid by December 31, 2018, if by September 2018, the business made a \$10,000 good faith deposit toward the fee. Thirteen of the 18 businesses paid the good faith deposit. In December 2018, the City offered a further deferral to March 31, 2019 if, by January 31, 2019 the business paid a deferral fee (\$50,000 to defer the entire payment or \$25,000 to defer half the payment that would have been payable by December 31, 2018). To date, 2 businesses have paid the deferral fee.

Through January 31, 2019, the City has collected the following fees:

New Development Agreement Administrative Fees	\$ 45,000
New Development Agreement Public Safety Fees	150,000
Prior Year Public Safety Fees Due	85,000
13 Good Faith Deposits (September 2018)	130,000
2 Full Year Cultivation Fees (December 2018; Net of Good Faith Deposit)	420,000
1 Full Year Cultivation Fees (January 2019; Net of Good Faith Deposit)	188,000
1 Partial Year Cultivation Fees (January 2019; Net of Good Faith Deposit)	105,000
2 Deferral Payments (January 2019)	<u>100,000</u>
Total to Date	<u>\$1,223,000</u>

It is likely that the City may not collect the entire budgeted \$4.4 million in fees during 2018-19 due to the timing issues described above, and that some businesses may terminate their Development Agreements. In addition, the City could enter into additional Development Agreements. The annual \$50,000 public safety mitigation fee is not due until June 2019, and if all public safety mitigation fees are paid under existing agreements, such fees will generate an additional \$750,000 by the end of Fiscal Year 2018-19.

The City budgeted using \$2,000,000 of the original estimate of \$4.4 million in fees toward increasing reserves committed for community enhancement. If the City does not realize the full budgeted amount in Fiscal Year 2018-19, it expects to reduce amounts to be reserved. See "Fiscal Year 2018-19 Outlook" above.



**TABLE NO. 14  
CITY OF BALDWIN PARK  
TAX REVENUES BY SOURCE**

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<b>Budget 2018-19</b>	<b>% of 2018-19 Budget</b>
Property Tax	\$ 3,670,166	\$ 3,957,924	\$ 3,605,804	\$ 3,944,479	\$ 4,127,117	12.4%
Property Tax in Lieu of VLF	6,841,478	7,136,598	7,440,368	7,765,295	7,589,175	22.8%
Sales and Use Tax <sup>(1)</sup>	5,368,630	5,918,556 <sup>(2)</sup>	5,715,049	6,421,277	6,526,652 <sup>(3)</sup>	20.5%
Transient Occupancy Tax	294,062	320,707	584,451	839,209	720,700	2.2%
Franchise Tax	2,431,498	2,435,827	2,416,043	2,563,354	2,521,835	7.6%
Utility Users Tax	2,395,922	2,305,780	2,401,252	2,449,027	2,400,000	7.2%
Business License Tax	630,001	553,688	536,074	547,488	644,000	1.9%
Real Property Transfer Tax	<u>134,409</u>	<u>113,855</u>	<u>130,812</u>	<u>160,905</u>	<u>120,000</u>	<u>0.4%</u>
Total	\$21,766,166	\$22,742,935	\$22,829,853	\$24,691,034	\$24,649,479	75.0%

<sup>(1)</sup> Does not include the sales tax remitted to the Successor Agency in 2014-15 of \$484,325, in 2015-16 of \$563,163, in 2016-17 of \$696,515 and in \$119,926 of 2017-18.

<sup>(2)</sup> Reflects final “Triple-Flip” payment as described above under the caption “Sales and Use Taxes.”

<sup>(3)</sup> First full year of sales tax remitted to the City after rescission of the Successor Agency Sales Tax Ordinance as described above under the caption “Sales and Use Taxes.” As adjusted from adopted budget for expected mid-year adjustments.

Source: City of Baldwin Park.

## Employee Relations and Collective Bargaining

City employees are represented by 6 labor bargaining units. All employees except management are covered by negotiated agreements. All current agreements cover the period from July 1, 2017 to June 30, 2020.

### Retirement Plans

#### Defined Benefit Plan

*This caption contains certain information relating to the California Public Employees Retirement System (“CalPERS”). The information is primarily derived from information produced by CalPERS, its independent accountants and its actuaries. The City has not independently verified the information provided by CalPERS and makes no representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.*

*The comprehensive annual financial reports of CalPERS are available on its Internet website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The CalPERS website also contains CalPERS’ most recent actuarial valuation reports and other information concerning benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are “forward-looking” statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future.*

**Plan Description.** The City provides retirement benefits, disability benefits, periodic cost-of-living adjustments, and death benefits to plan members and beneficiaries (the “Plans”). The Plans are part of CalPERS, an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State. Benefit provisions are established by State statute and by City contracts with employee bargaining groups. The Plans as described herein cover two separate employee groups - Miscellaneous and Public Safety.

**California Public Employees’ Pension Reform Act of 2013.** On September 12, 2012, the Governor signed into law the California Public Employees’ Pension Reform Act of 2013 (“PEPRA”), which made changes to CalPERS Plans, most substantially affecting new employees hired after January 1, 2013 (the “Implementation Date”). For non-safety CalPERS participants hired after the Implementation Date, PEPRA changed the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increased the eligibility requirement for the maximum age factor of 2.5% to age 67.

PEPRA also: (i) requires all new participants enrolled in CalPERS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary to a maximum of 8% of salary, (ii) requires CalPERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date, and (iii) caps “pensionable compensation” for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for members not participating in Social Security, while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

**Benefit Tiers.** Due to PEPRA, the City added a benefit tier in each employee group for employees hired after January 1, 2013 and subject to PEPRA (“PEPRA Tier”). Ultimately, PEPRA is expected to reduce the City’s long-term pension obligation as existing employees retire and new employees are hired to replace them. Employees hired prior to the effective date of PEPRA are in what is referred to as the “Classic Tier.”

The Plans’ provisions and benefits in effect at June 30, 2017 (the measurement date), are summarized as follows:

	<b>Miscellaneous</b>	
	<b>Classic</b>	<b>PEPRA</b>
	<b>Prior to <u>January 1, 2013</u></b>	<b>On or after <u>January 1, 2013</u></b>
Membership date		
Benefit formula	2.7% @ 55	2% @ 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	8.00%	5.50%
Required employer contribution rates (excluding UAL)	9.269%	9.269%

	<b>Safety</b>	
	<b>Classic</b>	<b>PEPRA</b>
	<b>Prior to <u>January 1, 2013</u></b>	<b>On or after <u>January 1, 2013</u></b>
Membership 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	9.00%	11.50%
Required employer contribution rates (excluding UAL)	19.723%	19.723%

**Funding Policy.** Active members in the Plans are required to contribute a percent of their annual covered salary as shown in the charts above. All employees pay their own employee contributions towards retirement.

**Contributions.** Section 20814 (c) of the Retirement Law requires that the employer contribution rates for all public employees 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 the Plans are determined annually on an actuarial basis of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Employer Contribution to the Plans for the fiscal years ended June 30, 2017, and June 30, 2018 were \$2,903,338 and \$2,088,553, respectively.

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability.** The total pension liabilities in the CalPERS June 30, 2016 actuarial valuations, rolled forward to June 30, 2017, using standard update procedures, were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal
Asset Valuation Method:	Market Value of Assets
Actuarial Assumptions:	
Discount Rate <sup>(1)</sup>	7.15%
Inflation	2.75%
Salary Increase <sup>(2)</sup>	3.3% - 14.2%
Investment Rate of Return <sup>(3)</sup>	7.50%
Mortality Rate Table <sup>(4)</sup>	Derived using CalPERS' membership data for all funds

(1) Net of pension plan administrative expenses.

(2) Annual increase vary by category, entry age, and duration of service.

(3) Net of pension plan investment and administrative expenses; includes inflation.

(4) 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 the table, please refer to the 2014 experience study report.

Source: California Public Employees' Retirement System.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study ("Experience Study") for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website under "Forms and Publications."

**Changes in Actuarial Assumptions.** Changes in actuarial assumptions generally take two years to affect a City's contribution rate due to the time required by CalPERS to calculate and implement the change. For example, a change made effective July 1, 2017 will be reflected in the City's contribution rates (normal cost or unfunded liability) for Fiscal Year 2019-20.

On March 14, 2012, the CalPERS Board of Administration approved a change in the inflation assumption used in the actuarial assumptions used to determine employer contribution rates. This reduced the assumed investment return from 7.75% to 7.50%, reduced the long-term payroll growth assumption from 3.25% to 3.0%, and adjusted the inflation component of individual salary scales from 3% to 2.75%.

On April 17, 2013, the CalPERS Board of Administration approved a plan: (i) to replace the current 15-year asset-smoothing policy with a 5-year direct-rate smoothing process; and (ii) to replace the current 30-year rolling amortization of unfunded liabilities with a 30-year fixed amortization period. CalPERS' Chief Actuary stated that the revised approach provides a single measure of funded status and unfunded liabilities, less rate volatility in extreme years, a faster path to full funding and more transparency to employers about future contribution rates. These changes accelerate the repayment of unfunded liabilities (including CalPERS' Fiscal Year 2009 market losses) of the City's Plans in the near term. These changes were reflected beginning with the June 30, 2014 actuarial valuation, and affect contribution rates for Fiscal Year 2015-16.

On February 18, 2014, the CalPERS Board of Administration approved changes to actuarial assumptions and methods based upon a recently completed experience study. These changes include: moving from using smoothing of the market value of assets to obtain the actuarial value of assets to direct smoothing of employer contribution rates; increased life expectancy; changes to retirement ages (earlier for some groups and later for others); lower rates of disability retirement; and other changes.

On November 18, 2015, the Board of Administration adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund’s unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. The policy establishes a mechanism to reduce the discount rate by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate, currently 7.5%, by at least four percentage points. CalPERS staff modeling anticipates the policy will result in a lowering of the discount rate to 6.5% in about 21 years, improve funding levels gradually over time and cut risk in the pension system by lowering the volatility of investment returns.

More information about the funding risk mitigation policy can be accessed through CalPERS’ website at the following website address: <https://www.calpers.ca.gov/page/newsroom/calpers-news/2015/adopts-funding-risk-mitigation-policy>. The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.

On December 21, 2016, the CalPERS Board of Administration approved an incremental lowering of the discount rate from 7.5% to 7.0% over the following three Fiscal Years. For Fiscal Years 2017-18, 2018-19 and 2019-20, the Board of Administration approved discount rates of 7.375%, 7.25% and 7.0%, respectively. While the full impact of the discount rate changes on the City is not yet reflected in the City’s contribution rates, CalPERS expects such changes to increase the City’s employer rates by approximately 2% of normal cost as a percent of payroll for the Miscellaneous Plan and by approximately 3.5% for the Safety Plan. CalPERS also expects the discount rate changes to result in increased unfunded accrued liability payments for employers, and estimates that the City will see such payments increase by 30% to 40%. Based on the revised discount rates, over the next seven years the City expected its annual payments to double compared to the amount paid in Fiscal Year 2017-18.

On February 13, 2018, the CalPERS Board of Administration voted to shorten the period over which CalPERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities, effective for the June 30, 2019 actuarial valuations. Amortization payments for all unfunded accrued liability bases will be computed to remain a level dollar amount throughout the amortization period, and certain 5-year ramp-up and ramp-down periods will be eliminated.

**Contribution Rates.** The contribution requirements of Plan members and the City are established by CalPERS. CalPERS modified the calculation of the contribution rates beginning in Fiscal Year 2017-18. CalPERS now represents only the employer’s normal cost as a percentage of payroll, and includes a dollar amount for the amortization of the unfunded actuarial liability (UAL). Shown in Table No. 15 are the actual or CalPERS projections of the normal cost and amortization of the UAL for the City. For comparison, the normal cost for 2016-17 was 9.304% for the Miscellaneous Plan and 19.536% for the Safety Plan.

**TABLE NO. 15  
PROJECTED EMPLOYER RETIREMENT CONTRIBUTIONS**

<u>Fiscal Year</u>	<u>Miscellaneous</u>		<u>Safety</u>	
	<u>Normal Cost</u>	<u>Amortize UAL</u>	<u>Normal Cost</u>	<u>Amortize UAL</u>
2017-18	9.269%	\$1,292,208	19.723%	\$1,286,184
2018-19	9.654%	1,546,037	20.556%	1,630,371
2019-20 <sup>(1)</sup>	10.907%	1,837,546	21.927%	2,011,583
2020-21 <sup>(1)</sup>	11.700%	2,071,000	23.300%	2,287,000
2021-22 <sup>(1)</sup>	11.700%	2,341,000	23.300%	2,612,000
2022-23 <sup>(1)</sup>	11.700%	2,573,000	23.300%	2,880,000

<sup>(1)</sup> Projected by CalPERS based on various assumptions as of July 2018.

Source: California Public Employees’ Retirement System.

**Pension Liabilities – Miscellaneous Plan.** The City’s net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Miscellaneous Plan is measured as of each June 30, using the annual actuarial valuation as of the prior June 30 rolled forward using standard update procedures. The City’s changes in net pension liability for the Miscellaneous Plan for the last 3 years as reported by CalPERS is shown below.

**NET PENSION LIABILITY - MISCELLANEOUS PLAN**

	<b>Measurement Period</b>		
	<u><b>2014-2015</b></u>	<u><b>2015- 2016</b></u>	<u><b>2016-2017</b></u>
<b>Total Pension Liability</b>			
Service cost	\$ 974,416	\$ 1,109,496	\$ 1,285,491
Interest on total pension liability	4,888,264	5,120,476	5,343,805
Differences between expected and actual experience	(433,114)	344,186	285,824
Changes of assumptions	(1,235,648)	-	4,582,858
Benefit payments, including refunds of employee contributions	<u>(3,225,709)</u>	<u>(3,252,202)</u>	<u>(3,512,638)</u>
<b>Net change in total pension liability</b>	968,209	3,321,956	7,985,340
<b>Total pension liability - beginning</b>	<u>66,693,276</u>	<u>67,661,485</u>	<u>70,983,441</u>
<b>Total pension liability - ending (a)</b>	<u>\$67,661,485</u>	<u>\$70,983,441</u>	<u>\$78,968,781</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 1,010,130	\$ 1,262,395	\$ 1,612,907
Contributions – employer paid member contributions	752,636	775,242	692,083
Net investment income	1,181,946	306,866	5,688,146
Benefit payments	(3,225,709)	(3,252,202)	(3,512,638)
Administrative expenses	<u>(58,778)</u>	<u>(31,824)</u>	<u>(75,709)</u>
<b>Net change in plan fiduciary net position</b>	(339,775)	(939,523)	4,404,789
<b>Plan fiduciary net position - beginning</b>	<u>52,557,773</u>	<u>52,217,998</u>	<u>51,278,475</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$52,217,998</u>	<u>\$51,278,475</u>	<u>\$55,683,264</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$15,443,487</u>	<u>\$19,704,966</u>	<u>\$23,285,517</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77.18%</u>	<u>72.24%</u>	<u>70.51%</u>
Covered - employee payroll	<u>\$ 5,852,700</u>	<u>\$ 6,763,571</u>	<u>\$ 7,077,918</u>
Net pension liability as a percentage of covered-employee payroll	<u>263.87%</u>	<u>291.34%</u>	<u>328.99%</u>

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: In 2017, the discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expenses) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

**Pension Liabilities – Safety Plan.** Because the Safety Plan has less than 100 members, it is part of the CalPERS cost sharing pool. The City’s net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to its Safety Plan relative to the projected contributions of all participating employers, actuarially determined. The net pension liability of the Safety Plan is measured as of each June 30, using the annual actuarial valuation as of the prior June 30 rolled forward using standard update procedures. The City’s proportionate share of the net pension liability for the Safety Plan for the last 3 years as reported by CalPERS is shown below.

	<u>Measurement Date</u> <u>June 30, 2015</u>	<u>Measurement Date</u> <u>June 30, 2016</u>	<u>Measurement Date</u> <u>June 30, 2017</u>
Safety Plan Proportion of the net pension liability	0.529502%	0.530100%	0.520560%
Safety Plan Proportionate share of the net pension liability	\$20,181,631	\$26,226,345	\$30,197,386
Covered-employee payroll <sup>(1)</sup>	5,571,436	6,874,715	6,874,715
Safety Plan Proportionate Share of the net pension liability as a percentage of covered-employee payroll	353.23%	381.49%	439.25%
Safety Plan fiduciary net position as a percentage of total pension liability	78.61%	73.58%	72.57%

<sup>(1)</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee payroll as the total of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the City’s net pension liability, calculated using the June 30, 2017 discount rate of 7.25%, as well as what the City’s net pension liability would be at June 30, 2017 if it were calculated using a discount rate of 6.0%, 7.0% and 8.0%:

	<u>Miscellaneous</u>	<u>Safety</u>
Net Pension Liability using Discount Rate of 7.25%	\$29,705,772	\$23,043,613
Net Pension Liability using Discount Rate of 6.0%	48,481,798	36,576,054
Net Pension Liability using Discount Rate of 7.0%	32,839,957	25,253,389
Net Pension Liability using Discount Rate of 8.0%	20,021,265	15,993,743

Source: California Public Employees’ Retirement System.

See Note 12 of the City’s Comprehensive Annual Financial Report included in “APPENDIX B” for further information about the Plans.

## **Other Post Employment Benefits**

**Plan Description.** The City provides retiree medical benefits. Employees are eligible for retiree health benefits if they retire from the City and meet certain parameters with respect to date of hire, retirement age, and years of service. Payment for employees belonging to the SEIU is capped at \$718 per month, and all non-represented employees receive the minimum contribution required under the Public Employees’ Medical and Hospital Care Act. Membership of the plan consisted of 230 eligible active employees and 199 enrolled eligible retirees at June 30, 2017.



**Schedule of Changes in Net OPEB Liability.** The obligation of the City to contribute to the plan is established and may be amended by the City Council.

As of June 30, 2018, the City has not established a trust or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors. The City finances these postemployment benefits on a pay-as-you-go basis. Its share of the annual premiums for these benefits are payable as they become due. The cost of retiree health care insurance benefits is recognized as expenditures as insurance premiums are paid. For fiscal year ended June 30, 2018, \$784,133 of postemployment benefit expenditures were paid.

**Funded Status and Funding Progress.** The net OPEB liability as of June 30, 2017 is calculated as shown below. The schedule of funding progress, included in the required supplementary information section of the City’s Comprehensive Annual Financial Report, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for the benefits. However, since Fiscal Year 2017-18 is the first year of implementation of new GASB disclosures for OPEB liabilities, the Fiscal Year 2017-18 Comprehensive Annual Financial Report shows only one year of information.

	<b>Fiscal Year Ended <u>June 30, 2018</u></b>
<b>Total OPEB Liability</b>	
Service cost	\$ 2,021,197
Interest on total OPEB liability	1,400,122
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(784,133)
Implicit rate subsidy fulfilled	<u>(323,140)</u>
Net change in total OPEB liability	2,314,046
Total OPEB liability - beginning of year (July 1, 2016)	<u>40,557,136</u>
Total OPEB liability - end of year (a) (June 30, 2017)	<u>\$42,871,182</u>
 <b>Plan Fiduciary Net Position</b>	
Net investment income	\$ -
Contributions - employer	-
Benefit payments, including refunds of employee contributions	-
Administrative expenses	<u>-</u>
Net change in plan fiduciary net position	-
Plan fiduciary net position – beginning of year	<u>-</u>
Plan fiduciary net position – end of year (b)	<u>\$ -</u>
 Net OPEB liability - end of year (a)-(b)	<u>\$42,871,182</u>
 Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>
 Covered - employee payroll	<u>\$13,351,723</u>
 Net OPEB liability as a percentage of covered-employee payroll	<u>321.09%</u>

**Actuarial Methods and Assumptions.** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the June 30, 2017 actuarial valuation, the entry age normal actuarial cost method was used to value liabilities. Under the entry age normal cost method, an average age at hire and average retirement age are determined for eligible employees. The actuarial assumptions included (1) a 3.5% discount rate, (2) a 3.0% annual salary increase, (3) inflation of 2.5% and (4) medical plan premiums (cost) rate increase of 7% for year 2017.

## Risk Management

The City is a member of the Independent Cities Risk Management Authority (“ICRMA”), a public entity risk pool, formed to enable individual cities to join together to obtain various insurance coverages as a group, coverages at an affordable cost. ICRMA has 20 member cities, and each city appoints a delegate to the ICRMA Governing Board. The City's contributions reflect 3.36% of ICRMA’s total budget, which is computed based on the City’s self-insurance retention levels, exposure and losses. ICRMA provides coverage for its members for up to \$30,000,000 for liability claims, and statutory limits for workers’ compensation claims and \$1,000,000 for employer’s liability claims.

The City purchases commercial insurance to cover property damage to city facilities.

Changes in the claims and judgements liability balance for the Fiscal Years ended June 30, 2016, 2017 and 2018, including a provision for incurred but not reported claims, were as follows:

### GENERAL LIABILITY

<b>Fiscal Year Ending June 30</b>	<b>Claims Payable Beginning</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Claims Payable Ending</b>
2016	\$ 593,876	\$ 887,466	\$ 268,958	\$1,212,384
2017	1,212,384	383,262	465,403	1,130,243
2018	1,130,243	2,786,378	1,651,692	2,264,929

### WORKERS’ COMPENSATION

<b>Fiscal Year Ending June 30</b>	<b>Claims Payable Beginning</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Claims Payable Ending</b>
2016	\$6,404,118	\$ (562,953)	\$ 543,350	\$5,297,815
2017	5,297,815	574,880	599,461	5,273,234
2018	5,273,234	2,495,974	1,674,656	6,094,552

There have been no significant changes to insurance coverage as compared to last year and the City has not experienced settlements in excess of insurance coverage during the past three years. The City is currently exploring options to reduce its insurance premiums while maintaining existing coverages, which may result in a change from ICRMA in future years.

## City Investment Policy and Portfolio

The City administers a pooled investment program, except for those funds which are managed separately by trustees appointed under bond indentures. This program enables the City to combine available cash from all funds and to invest cash that exceeds current needs. Under the City’s current investment policy dated August 15, 2018, and in accordance with the Government Code, the City may invest in the following types of investments subject to certain limitations on maturity and amount:

Local Agency Bonds	Medium Term Notes
US Treasury Obligations	Mutual Funds
US Agency Securities	Money Market Mutual Funds
Banker’s Acceptances	Mortgage Pass-through Securities
Commercial Paper	County Pooled Investment Funds
Negotiable Certificates of Deposit	Local Agency Investment Fund (LAIF)
Repurchase Agreements	JPA Pools (other investment pools)

As of December 31, 2018, the market value of the City Treasurer’s investment portfolio (excluding funds deposited in checking accounts and held under bond indentures) was \$25.4 million. The diversification of the City Treasurer’s investment portfolio assets as of such date is shown in the following table.

<u>Type of Investment</u>	<u>% of Combined Portfolio</u>
LAIF	88.2%
U.S. Treasury Bills	3.9%
Negotiable Certificates of Deposit	<u>7.9%</u>
	100.0%

The weighted average maturity of the investment portfolio was 27 days.

## Obligations of the City

In addition to the Bonds, the City has entered into (1) a lease agreement with Branch Bank and Trust Company (“BBT Lease”) and (2) a promissory note with the California Energy Resources Conservation and Development Commission (“CEC Note”). The City has also entered into a Master Equity Lease Agreement for vehicle leasing from time to time.

The BBT Lease was entered into in December 2017 to refinance the City’s outstanding 2004 Lease Revenue Bonds. The outstanding BBT Lease as of June 30, 2018 is \$7,276,000. Annual payments of approximately \$585,000 are payable through Fiscal Year 2032-33.

The CEC Loan was entered into in May 2016 to finance the HVAC, solar panels and other energy efficiency equipment. The outstanding CEC Loan as of June 30, 2018 is \$2,988,874. Annual payments of \$175,822 are payable through Fiscal Year 2036-37.

The Master Equity Lease Agreement with Enterprise Fleet Management was approved in May 2018 and is anticipated to be used to lease vehicles for City use on an as-needed basis, as older vehicles currently in use by the City become obsolete. The number of vehicles initially leased is 17. The City expects to charge payments for these 17 vehicles to its Air Quality Management District Air Quality Improvement Fund. The lease payment for the initial 17 vehicles is \$103,255 annually for 5 years. The City anticipates replacing a large portion of its current aging fleet of vehicles under this program over the next five years.

The City's net pension liability, net OPEB liability, claims liabilities and compensated absences totaled \$67.1 million as of June 30, 2017 and except for the existing pension liability being funded with the proceeds of the Bonds, have no fixed term. There is no additional indebtedness as of June 30, 2018 payable from the City's General Fund. Excluded are obligations to be paid from specifically pledged special revenues, such as tax allocation bonds or Section 108 loans.

## Financial Statements

The City's accounting policies conform to generally accepted accounting principles and reporting standards set forth by the State Controller. The audited financial statements also conform to the principles and standards for public financial reporting established by the National Council of Government Accounting and the Governmental Accounting Standards Board ("GASB").

**Basis of Accounting and Financial Statement Presentation.** The government-wide financial statements are reported using 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The City retained the firm of Vasquez & Company LLP, Certified Public Accountants, Los Angeles, California, to examine the general purpose financial statements of the City as of and for the year ended June 30, 2018. The following tables summarize the audited Balance Sheet and audited Statement of Revenues, Expenditures and Changes in Fund Balance of the City's General Fund for Fiscal Years 2013-14 through 2017-18.

See "APPENDIX B" hereto for the audited financial statements for the fiscal year ended June 30, 2018. The City has not requested, and the auditor has not provided, any review or update of such statements in connection with the inclusion in this Official Statement.

**GASB Statement No. 54.** GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definition, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, which are amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact. GASB No. 54 also provides for additional classification as "restricted," "committed," "assigned," and "unassigned" based on the relative strength of the constraints that control how specific amounts can be spent.

The following table shows General Fund “committed,” “assigned” and “unassigned” fund balances as of June 30, 2016, 2017 and 2018:

	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Committed:			
10% Budget Stabilization	\$ 2,633,283	\$ 2,703,423	\$ 2,759,802
Future Development	<u>7,651,128</u>	<u>6,292,592</u>	<u>6,276,472</u>
Total Committed	10,284,411	8,996,015	9,036,274
Assigned:			
Community Enhancement	-	368,032	740,398
Unassigned	<u>4,939,534</u>	<u>4,386,952</u>	<u>5,724,902</u>
Total Committed/Assigned/Unassigned	\$15,223,945	\$13,750,999	\$15,501,574

**GASB Statements Regarding Pension and OPEB Liabilities.** GASB has issued various statements relating to the reporting of pension and other post-retirement benefit liabilities and expense, and most recently, new accounting and financial reporting requirements for OPEB plans. The required reporting of net pension liability was incorporated into the City’s financial statements for the Fiscal Year ending June 30, 2015 and the required reporting of net OPEB liability will be incorporated into the City’s financial statements for the Fiscal Year ending June 30, 2018. The audited financial statements of the City for the Fiscal Year ended June 30, 2018 included in “APPENDIX B” contain additional information about the retirement plan liabilities and the OPEB liability.

See Note 1 in the City’s audited financial statements attached in “APPENDIX B” for a discussion of additional accounting changes.

**TABLE NO. 16  
CITY OF BALDWIN PARK  
GENERAL FUND BALANCE SHEET  
As of June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>Assets</b>					
Pooled cash and investments	\$ 6,852,321	\$ 8,964,321	\$14,201,861	\$13,743,871	\$14,385,032
Property taxes receivable	143,904	162,042	939,415	225,389	328,028
Intergovernmental receivables	1,289,583	1,313,144	1,309,864	1,495,073	2,019,267
Other receivables	16,714	18,228	17,667	26,467	82,435
Due from other funds	-	-	124,687	124,687	124,687
Due from Successor Agency	-	-	-	-	5,466
Prepays	63,610	58,346	57,917	14,100	23,487
Property held for resale	-	-	-	376,800	376,800
Advances to Successor Agency	<u>18,427,954</u>	<u>21,957,364</u>	<u>22,050,683</u>	<u>22,155,588</u>	<u>22,530,413</u>
Total Assets	<u>26,794,086</u>	<u>32,473,445</u>	<u>38,702,094</u>	<u>38,161,975</u>	<u>39,875,615</u>
Deferred outflows of resources					
<b>Total assets and deferred outflows of resources</b>	<u>\$26,794,086</u>	<u>\$32,473,445</u>	<u>\$38,702,094</u>	<u>\$38,161,975</u>	<u>\$39,875,615</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 446,862	\$ 493,027	\$ 488,820	\$ 1,067,610	\$ 1,182,250
Accrued liabilities	571,264	917,706	861,451	796,878	256,681
Due to other funds	-	-	978	-	4,410
Unearned interest on advances to Successor Agency	7,295,107	7,350,681	-	-	-
Unearned revenue	<u>368,246</u>	<u>809,206</u>	<u>18,300</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>8,681,479</u>	<u>9,570,620</u>	<u>1,369,549</u>	<u>1,864,488</u>	<u>1,443,341</u>
Deferred inflows of resources					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>7,868,285</u>	<u>8,151,836</u>	<u>8,794,449</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>7,868,285</u>	<u>8,151,836</u>	<u>8,794,449</u>

Continued on next page.

**TABLE NO. 16  
CITY OF BALDWIN PARK  
GENERAL FUND BALANCE SHEET  
As of June 30**

Continued from previous page.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Fund balances					
Nonspendable					
Advances to other funds, net of accrued interest	\$11,132,847	\$14,606,683	\$14,182,398	\$14,003,752	\$13,735,964
Property held for resale	-	-	-	376,800	376,800
Prepaid items	63,610	58,346	57,917	14,100	23,487
Committed					
Future development	-	-	7,651,128	6,292,592	6,276,472
10% budget stabilization fund	2,444,184	2,502,377	2,633,283	2,703,423	2,759,802
Assigned					
Loan repayment	606,926	-	-	-	-
Community development	-	-	-	368,032	740,398
Unassigned					
Unassigned	<u>3,865,040</u>	<u>5,735,419</u>	<u>4,939,534</u>	<u>4,386,952</u>	<u>5,724,902</u>
Total Fund Balances	<u>18,112,607</u>	<u>22,902,825</u>	<u>29,464,260</u>	<u>28,145,651</u>	<u>29,637,825</u>
<b>Total liabilities, deferred inflows     of resources and fund balances</b>	<u>\$26,794,086</u>	<u>\$32,473,445</u>	<u>\$38,702,094</u>	<u>\$38,161,975</u>	<u>\$39,875,615</u>

Source: City of Baldwin Park Comprehensive Annual Financial Reports.

**TABLE NO. 17**  
**CITY OF BALDWIN PARK**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the year ended June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Revenues</b>					
Taxes	\$20,677,128	\$21,766,166	\$22,742,935	\$22,829,853	\$24,691,034
Licenses and permits	449,534	695,758	617,468	842,914	842,666
Fines, forfeitures and penalties	1,144,371	1,104,454	728,760	693,331	672,890
Use of money and property	186,040	309,218	278,646	284,279	834,779
Intergovernmental	146,255	454,784	292,828	258,946	486,992
Charges for services	1,539,314	2,571,017	1,585,906	1,968,118	2,162,576
Other	<u>1,095,616</u>	<u>86,182</u>	<u>55,525</u>	<u>429,358</u>	<u>1,737,979</u>
<b>Total Revenues</b>	<u>25,238,258</u>	<u>26,987,579</u>	<u>26,302,068</u>	<u>27,306,799</u>	<u>31,428,916</u>
<b>Expenditures</b>					
Current:					
General government	2,554,970	2,580,913	3,160,542	3,546,947	3,153,094
Public safety	16,350,337	16,682,736	18,195,609	18,860,919	21,112,430
Public works	274,845	1,116,531	328,232	2,274,235	1,448,569
Community development	964,232	914,322	1,208,325	1,153,584	1,496,599
Recreation services	2,924,928	2,286,094	3,507,485	3,422,281	3,407,173
Capital outlay	-	-	59,326	17,420	62,276
Community development	<u>86,922</u>	<u>142,243</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>23,156,234</u>	<u>23,722,839</u>	<u>26,459,519</u>	<u>29,275,386</u>	<u>30,680,141</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,082,024</u>	<u>3,264,740</u>	<u>(157,451)</u>	<u>(1,968,587)</u>	<u>748,775</u>
<b>Other financing sources (uses)</b>					
Proceeds from other long-term debt	-	-	-	1,565,718	1,423,256
Transfers in	5,713	139,805	-	-	-
Transfers out	<u>(970,668)</u>	<u>(982,732)</u>	<u>(1,307,361)</u>	<u>(915,740)</u>	<u>(679,857)</u>
<b>Net other financing sources (uses)</b>	<u>(964,955)</u>	<u>(842,927)</u>	<u>(1,307,361)</u>	<u>649,978</u>	<u>743,399</u>
<b>Net change in fund balances</b>	<u>1,117,069</u>	<u>2,421,813</u>	<u>(1,464,812)</u>	<u>(1,318,609)</u>	<u>1,492,174</u>
<b>Beginning fund balances, as restated</b>	<u>16,995,538</u>	<u>20,481,012</u>	<u>30,929,072</u>	<u>29,464,260</u>	<u>28,145,651</u>
<b>Ending fund balances</b>	<u>\$18,112,607</u>	<u>\$22,902,825</u>	<u>\$29,464,260</u>	<u>\$28,145,651</u>	<u>\$29,637,825</u>

Source: City of Baldwin Park Comprehensive Annual Financial Reports.



## **RISK FACTORS**

*The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.*

### **Future Financial Condition**

No representation is made as to the future financial condition of the City. Payment of the debt service payments on the Bonds is a general fund obligation of the City and the ability of the City to make debt service payments on the Bonds may be adversely affected by its financial condition as of any particular time.

In the event the City's revenue sources are less than its total obligations, the City could choose to fund other services before paying debt service on the Bonds. The same result could occur if, because of State Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues (see "Constitutional Limitation on Taxes and Expenditures" below). To the extent these types of events or other events adversely affecting the funds available to the City occur in any year, the funds available to pay debt service may be decreased.

The City has unfunded liabilities relating to employee post-retirement health benefits and has also entered into other obligations which are payable from General Fund resources. The City may also enter into additional obligations in the future. To the extent that additional obligations are incurred by the City, the funds available to the City to pay debt service may be decreased (see "FINANCIAL INFORMATION - Other Post Employment Benefits" and "- Obligations of the City" herein).

### **Limited Obligation of the City**

The obligation of the City to pay debt service on the Bonds does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay debt service payments on the Bonds does not constitute a debt or indebtedness of the City, the State of California or any of its political subdivisions, in contravention of any constitutional or statutory debt limitation or restriction.

### **Natural Hazards**

*Seismic Activity.* According to the Public Safety Element of the City's General Plan, the City is located in a region with active seismic faults and is therefore subject to risks and hazards associated with earthquakes. Large earthquakes of magnitude 7.0 and greater are expected to occur along at least one of the active faults in the region within a time period equivalent to the historic record. Due to the City's central location relative to major faults, the City will probably experience intense ground shaking in the event of a major earthquake. In a densely populated urban area, the impact of strong groundshaking is directly related to the density and type of buildings and the number of people exposed to the effects.

Secondary effects of an earthquake include surface rupture, liquefaction, and dam failure. The occurrence of secondary effects depends on numerous factors including earthquake intensity, distance from epicenter, soils type, and moisture content of the soil. No known active faults exist within the City, and no Alquist Priolo Special Study Zone has been established by the State. Consequently, the potential for surface rupture is low.

Liquefaction hazards can occur in areas where groundwater exists near the ground surface. Data provided by water service providers in the City indicate that the depth to groundwater is more than 50 feet, and

therefore liquefaction hazards are generally low. However, maps published by the State Division of Mines and Geology (1988) document areas of historic liquefaction occurrence in the southwest portion of the City.

Failure of the Santa Fe Dam due to seismic activity has the potential to impact the City. The dam is located along the San Gabriel River approximately one-half mile north of the City, and is owned and operated by the Los Angeles District of the Army Corp of Engineers.

The U.S. Army Corps of Engineers flood emergency plan data indicates that failure of the Santa Fe Dam would result in the entire area of the City being flooded. Water depths would range from two to twelve feet, with shallower depths in the southern portion of the City, and deeper depths in the northern portion of the City nearest the Dam.

State law requires that every dam owner develop and maintain an emergency plan to be implemented, in the event that the dam is catastrophically breached. Each dam-specific emergency plan includes a map that shows the potential limits of a flood that could result if the dam should fail while filled to capacity, these flood maps are pictured as a worst-case scenario. Since most dams in Southern California are not normally filled to capacity, the possibility of inundation is remote.

A major earthquake could cause widespread destruction and significant loss of life in a populated area such as the City. The City's emergency response to such an event may add unanticipated expenditures to the General Fund budget, some or all of which may not be reimbursed by federal or state disaster funding, and, if reimbursed, may not be received by the City in a timely manner. This could lead to reduced ability by the City to pay debt service on the Bonds. Such event could also result in substantial damage to properties in the City, which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their property taxes or of businesses to operate and generate sales tax.

*Flooding.* Flooding in the City is not considered a significant risk, except as described above in connection with a failure of the Santa Fe Dam due to seismic activity.

*Wildfire.* Wildfire is not considered a significant risk in the City due to its urbanized nature with no existing wildland/urban interface.

The City has adopted its Natural Hazards Mitigation Plan. This plan includes a hazard analysis for earthquake, flood, landslide and fire risk and is required to comply with FEMA requirements for disaster relief funding.

## **Hazardous Substances**

An additional environmental condition that may result in the reduction in the assessed value of property, and therefore property tax revenue available to make debt service payments on the Bonds, would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the City. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but State laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the City be affected by a hazardous substance, could be to reduce the marketability and value of such property by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Hazardous substance liabilities may arise in the future with respect to any of the property in the City resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise from the method of handling such substance. These possibilities could significantly affect the value of a parcel and could result in substantial delays in completing planned development on parcels that are currently undeveloped.

## State Budget

*The following information concerning the State's budgets has been obtained from publicly available information which the City and the Municipal Advisor believe to be reliable; however, neither the City nor the Municipal Advisor guarantees the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable by or the responsibility of the State of California.*

**State Budget.** Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

According to the State Constitution, the Governor of the State (the "Governor") is required to propose a budget to the State Legislature (the "Legislature") by no later than January 10 of each year, and a final budget must be adopted by the vote of each house of the Legislature no later than June 15, although this deadline has been routinely breached in the past. The State budget becomes law upon the signature of the Governor, who may veto specific items of expenditure.

Prior to Fiscal Year 2010-11, the State budget had to be adopted by a two-thirds vote of each house of the Legislature. However, in November 2010, the voters of the State passed Proposition 25, which reduced the vote required to adopt a budget to a majority vote of each house and which provided that there would be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for members of the Legislature for the period during which the budget was presented late to the Governor.

**Fiscal Years 2018-19 and 2019-20.** On June 27, 2018, the Governor signed into law the State budget for fiscal year 2018-19 (the "2018-19 Budget"). The following information is drawn from the Legislative Analyst's Office ("LAO") review of the 2018-19 Budget:

To protect against potential future economic recessions, the 2018-19 Budget fully funds the Budget Stabilization Account, the State's basic reserve account (the "BSA") with a total deposit of over \$4.4 billion, including a \$2.6 billion optional deposit in addition to the Constitutionally-required deposit, and adds two additional reserves to State law: the Safety Net Reserve Fund, intended to save money specifically for future expenditures of the CalWORKs and Medi-Cal programs; and the Budget Deficit Savings Account ("BDSA"), which for fiscal year 2018-19 will temporarily hold the \$2.6 billion optional BSA deposit until May 2019. In May 2019, the optional BSA deposit amount will be adjusted as necessary to reflect updated estimates of revenues, at which point it will be transferred to the BSA. The projected ending balance in the

BSA at the end of fiscal year 2018-19 is expected to equal the BSA's current constitutional maximum of 10% of the estimated general fund revenues for fiscal year 2018-19.

For Fiscal Year 2017-18, the 2018-19 Budget projects total general fund revenues and transfers of \$129.8 billion and total expenditures of \$127.0 billion. The State is projected to end Fiscal Year 2017-18 with total available general fund reserves of \$16.7 billion, including \$7.3 billion in the traditional general fund reserve and \$9.4 billion in the BSA. For Fiscal Year 2018-19, the 2018-19 Budget projects total general fund revenues of \$133.3 billion and authorizes expenditures of \$138.7 billion. The State is projected to end Fiscal Year 2018-19 with total available general fund reserves of \$15.9 billion, including \$2.0 billion in the traditional general fund reserve, \$13.8 billion in the BSA and \$200 million in the Safety Net Reserve Fund.

On January 10, 2019, newly-elected Governor Gavin Newsom released his proposed State budget for Fiscal Year 2019-20 (the "Proposed 2019-20 Budget"). The following information is drawn from the State Department of Finance's summary of the Proposed 2019-20 Budget:

For Fiscal Year 2018-19, the Proposed 2019-20 Budget projects total general fund revenues and transfers of \$136.9 billion and total expenditures of \$144.1 billion. The State is projected to end Fiscal Year 2018-19 with total available general fund reserves of \$18.3 billion, including \$3.9 billion in the traditional general fund reserve, \$13.5 billion in the BSA and \$900 million in the Safety Net Reserve Fund. For fiscal year 2019-20, the Proposed 2019-20 Budget projects total general fund revenues of \$142.6 billion and authorizes expenditures of \$144.2 billion. The State is projected to end Fiscal Year 2019-20 with total available general fund reserves of \$18.5 billion, including \$2.3 billion in the traditional general fund reserve, \$15.3 billion in the BSA and \$900 million in the Safety Net Reserve Fund. The Governor notes that additional deposits to the BSA are premised on a recent opinion by the California Office of Legislative Counsel which concluded that supplemental payments made in prior fiscal years do not count towards calculating the BSA's constitutional maximum of 10%.

**Potential Impact of State of California Financial Condition on the City.** During the most recent recession, the State faced a structural deficit that resulted in substantial annual deficits and reductions in expenditures. Although the State has had a budget surplus in the more recent fiscal years, according to the State there remain a number of major risks and pressures that threaten the State's financial condition, including the threat of recession, potential changes to federal fiscal policies and unfunded long-term liabilities of more than \$200 billion related to pensions and other post-retirement benefits. These risks and financial pressures could result in future reductions or deferrals in amounts payable to the City. The State's financial condition and budget policies affect local public agencies throughout California. To the extent that the State budget process results in reduced revenues to the City in future years, the City will be required to make adjustments to its budget. State budget policies can also impact conditions in the local economy and could have an adverse effect on the local economy and the City's major revenue sources in future years.

No prediction can be made by the City as to whether the State will encounter budgetary problems in future fiscal years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the Legislature and the Governor to deal with changing State revenues and expenditures. There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be affected by national and State economic conditions and other factors over which the City has no control.

**State Legislative Shifts of Property Tax Allocation.** From time to time, the State has realigned certain property tax revenue to deal with its budget problems. Since 1992-93, the State has required that local agencies including cities remit a portion of property taxes received to augment school funding. These funds are deposited in each county's Education Revenue Augmentation Fund ("ERAF"). These property taxes (approximately 17.5%) are permanently excluded from the City's property tax revenues.

On July 24, 2009, the Legislature approved amendments to the 2009-10 Budget to close its anticipated \$26.3 billion budget shortfall. The approved amendments included borrowing from local governments by withholding of the equivalent of 8% of Fiscal Year 2008-09 property related tax revenues from cities' and counties' property tax collections under provisions of Proposition 1A (approved by the voters in 2004), which the State was required to repay with interest within three years. The first (and to date, only) shift occurred in Fiscal Year 2009-10. Fiscal Year 2012-13 was the first year that another shift was allowable, but the State has not implemented another borrowing yet.

On March 2, 2004, voters approved a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of \$15 billion in bonds to finance the Fiscal Year 2002-03 and Fiscal Year 2003-04 State budget deficits, which would be payable from a fund to be established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip," one-quarter of local governments' 1% share of the sales tax imposed on taxable transactions within their jurisdiction were redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation provided for property taxes in the ERAF to be redirected to local government. Because the ERAF moneys were previously earmarked for schools, the legislation provided for schools to receive other state general fund revenues. The swap of sales taxes for property taxes terminated once the deficit financing bonds were repaid in September 2015. The City treated the Triple Flip property tax revenue as sales tax in its financial statements.

The City also received a portion of Department of Motor Vehicles license fees ("VLF") collected statewide. Several years ago, the State-wide VLF was reduced by approximately two-thirds. However, the State continued to remit to cities and counties the same amount that those local agencies would have received if the VLF had not been reduced, known as the "VLF backfill." The State VLF backfill was phased out and as of 2011-12 all of the VLF is now received through an in lieu payment from State property tax revenues.

## **Bankruptcy of the City**

The enforceability of the rights and remedies of the Owners of the Bonds are subject to a number of limitations, including bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

In addition, the rights and remedies of the Owners of the Bonds may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the City is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. Should the City file for bankruptcy, there could be adverse effects on the Owners of the Bonds.

If the City is in bankruptcy, the parties (including the Trustee and the Owners of the Bonds) may be prohibited from taking any action to collect any amount from the City or to enforce any obligation of the City, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the Owners of the Bonds from funds in the Trustee's possession.

The Bonds are not secured by any property other than the funds that the City has actually deposited with the Trustee, and the City only obligated to deposit funds with the Trustee twice each year, 5 Business Days prior to each June 1 and December 1, beginning June 1, 2019. The Bonds are not secured by any funds held by the City.

If the City is in bankruptcy, it may not be obligated to make any further deposits with the Trustee. As a result, the Bonds may be treated as unsecured obligations of the City in the bankruptcy case. Under such circumstances, the Owners of the Bonds could suffer substantial losses.

The City may be able, without the consent and over the objection of the Trustee or the Owners of the Bonds, to alter the priority, interest rate, payment terms, maturity dates, payment sources, covenants, and other terms or provisions of the Trust Agreement and the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds, or result in losses to the Owners of the Bonds. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding could have an adverse effect on the liquidity and value of the Bonds.

Recent bankruptcies in the City of Stockton, the City of San Bernardino and the City of Detroit have brought scrutiny to pension obligation securities. Specifically, in the Stockton bankruptcy the Court found that CalPERS was an unsecured creditor of that city with a claim on parity with those of other unsecured creditors. Additionally, in the San Bernardino bankruptcy, the Court held that in the event of a municipal bankruptcy, payments on pension obligation bonds, such as the Bonds, were unsecured obligations and not entitled to the same priority of payments made to CalPERS. A variety of events, including, but not limited to, additional rulings adverse to the interests of bond owners in the Stockton, San Bernardino and Detroit bankruptcy cases or additional municipal bankruptcies, could prevent or materially adversely affect the rights of Beneficial Owners to receive payments on the Bonds in the event the City files for bankruptcy. Accordingly, in the event of bankruptcy, Beneficial Owners may not recover the full amount of principal and interest due on the Bonds.

The opinion to be delivered by Bond Counsel concurrently with the execution and delivery of the Bonds will be subject to various limitations on remedies including those related to bankruptcy and the various other legal opinions to be delivered concurrently with the issuance of the Bonds will be similarly qualified. See “APPENDIX D.” In the event that the City fails to comply with its covenants under the Trust Agreement or fails to pay debt service payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the Beneficial Owners of the Bonds.

## **Legislative Changes**

Legislative action could have an adverse effect on the City’s revenues. For example, the method of apportioning Motor Vehicle License Fees among the State’s cities and counties is established by statute and could be amended by future legislation. See “FINANCIAL INFORMATION - Ad Valorem Property Taxes - Property Taxes in Lieu of Motor Vehicle License Fees” herein and “State Budget” above. Although the City is not aware of any proposal to amend the applicable statute, it can provide no assurance that such legislation, or other legislation which could reduce revenues, will not be enacted in the future.

## **Constitutional Limitation on Taxes and Expenditures**

**State Initiative Measures Generally.** Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Voters have exercised this power through the adoption of Proposition 13 (“Article XIII A”) and similar measures, such as Propositions 22 and 26 approved in the general election held on November 2, 2010.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the City. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the Bonds.

**Article XIII A.** Article XIII A of the California Constitution limits the taxing powers of California public agencies. Article XIII A provides that the maximum ad valorem tax on real property cannot exceed 1% of the “full cash value” of the property, and effectively prohibits the levying of any other ad valorem property tax except for taxes above that level required to pay debt service on voter-approved general obligation bonds. “Full cash value” is defined as “the County assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The “full cash value” is subject to annual adjustment to reflect inflation at a rate not to exceed 2% or a reduction in the consumer price index or comparable local data. Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances. There may also be declines in valuations if the California Consumer Price Index is negative.

The foregoing limitation does not apply to ad valorem taxes or special assessments to pay the interest and prepayment charges on any indebtedness approved by the voters before July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved by two-thirds of votes cast by the voters voting on the proposition.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend the terms “purchase” and “change of ownership,” for purposes of determining full cash value of property under Article XIII A, to not include the purchase or transfer of (1) real property between spouses, and (2) the principal residence and the first \$1,000,000 of other property between parents and children. Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same city, to transfer the old residence’s assessed value to the new residence. In the March 26, 1996 general election, voters approved Proposition 193, which extends the parents-children exception to the reappraisal of assessed value. Proposition 193 amended Article XIII A so that grandparents may transfer to their grandchildren whose parents are deceased, their principal residences, and the first \$1,000,000 of other property without a reappraisal of assessed value.

Because the Revenue and Taxation Code does not distinguish between positive and negative changes in the California Consumer Price Index used for purposes of the inflation factor, there was a decrease of 0.237% in 2009-10 – applied to the 2010-11 tax roll – reflecting the actual change in the California Consumer Price Index, as reported by the State Department of Finance. For each fiscal year since Article XIII A has become effective (the 1978-79 Fiscal Year), the annual increase for inflation has been at least 2% except in ten fiscal years as shown below:

<u>Tax Roll</u>	<u>Percentage</u>	<u>Tax Roll</u>	<u>Percentage</u>
1981-82	1.000%	2010-11	(0.237)%
1995-96	1.190%	2011-12	0.753%
1996-97	1.110%	2014-15	0.454%
1998-99	1.853%	2015-16	1.998%
2004-05	1.867%	2016-17	1.525%

**Proposition 8 Adjustments.** Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. The City experienced Proposition 8 reductions in property values between 2010 and

2011. See “FINANCIAL INFORMATION - Ad Valorem Property Taxes - Taxable Property and Assessed Valuation” herein.

**Article XIII B.** On November 6, 1979, California voters approved Proposition 4, or the Gann Initiative, which added Article XIII B to the California Constitution. Article XIII B limits the annual appropriations of the State and any city, county, city and county, school district, authority or other political subdivision of the State. The “base year” for establishing such appropriations limit is the 1978-79 Fiscal Year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by public agencies.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by or for the entity and the proceeds of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. “Proceeds of taxes” include, but are not limited to, all tax revenues, certain State subventions, and the proceeds to an entity of government, from (1) regulatory licenses, user charges and user fees, to the extent that such charges and fees exceed the costs reasonably borne in providing the regulation, product or service, and (2) the investment of tax revenues. Article XIII B includes a requirement that if an entity’s revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

In the June 1990 election, the voters approved Proposition 111 amending the method of calculation of State and local appropriations limits. Proposition 111 made several changes to Article XIII B. First, the term “change in the cost of living” was redefined as the change in the California per capita personal income (“CPCPI”) for the preceding year. Previously, the lower of the CPCPI or the United States Consumer Price Index was used. Second, the appropriations limit for the fiscal year was recomputed by adjusting the 1986-87 limit by the CPCPI for the three subsequent years. Third and lastly, Proposition 111 excluded appropriations for “qualified capital outlay for Fiscal Year 1990-91 as defined by the legislature” from proceeds of taxes.

Section 7910 of the Government Code requires the City to adopt a formal appropriations limit for each fiscal year. The City’s appropriations limit for 2018-19 is \$78,238,220. The City’s appropriations subject to the limit for 2018-19 are \$24,957,524. Based on this, the appropriations limit is not expected to have any impact on the ability of the City to pay debt service on the Bonds.

**Proposition 62.** Proposition 62 was a statutory initiative adopted in the November 1986 general election. Proposition 62 added Sections 53720 to 53730, inclusive, to the California Government Code. It confirmed the distinction between a general tax and special tax, established by the State Supreme Court in 1982 in *City and County of San Francisco v. Farrell*, by defining a general tax as one imposed for general governmental purposes and a special tax as one imposed for specific purposes. Proposition 62 further provided that no local government or district may impose (i) a general tax without prior approval of the electorate by majority vote or (ii) a special tax without such prior approval by two-thirds vote. It further provided that if any such tax is imposed without such prior written approval, the amount thereof must be withheld from the levying entity’s allocation of annual property taxes for each year that the tax is collected. By its terms, Proposition 62 applies only to general and special taxes imposed on or after August 1, 1985. Proposition 62 was generally upheld in *Santa Clara County Local Transportation Authority v. Guardino*, a California Supreme Court decision filed September 28, 1995.

**Proposition 218.** On November 5, 1996, California voters approved Proposition 218 – Voter Approval for Local Government Taxes – Limitation on Fees, Assessments, and Charges – Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Proposition 218 states that all taxes imposed by local governments shall be deemed to be either general taxes or special taxes. Special purpose districts, including school districts, have no power to levy general taxes. No local government may impose, extend or increase any



general tax unless and until such tax is submitted to the electorate and approved by a majority vote. No local government may impose, extend or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote.

Proposition 218 also provides that no tax, assessment, fee or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except: (i) the ad valorem property tax imposed pursuant to Article XIII and Article XIII A of the California Constitution, (ii) any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIII A the California Constitution, and (iii) assessments, fees, and charges for property related services as provided in Article XIII D. Proposition 218 added voter requirements for assessments and fees and charges imposed as an incident of property ownership, other than fees and charges for sewer, water, and refuse collection services. In addition, all assessments and fees and charges imposed as an incident of property ownership, including sewer, water, and refuse collection services, are subjected to various additional procedures, such as hearings and stricter and more individualized benefit requirements and findings. The effect of such provisions will presumably be to increase the difficulty a local agency will have in imposing, increasing or extending such assessments, fees and charges.

Proposition 218 also extended the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairment of contracts.

Proposition 218 provides that, effective July 1, 1997, fees that are charged “as an incident of property ownership” may not “exceed the funds required to provide the property related services” and may only be charged for services that are “immediately available to the owner of the property.”

The City levies (1) a franchise tax on its cable television, and certain utility franchises, (2) a utility users tax on electric, gas, cable television, water and telephone service, (3) a business license tax and (4) a transient occupancy tax. See “FINANCIAL INFORMATION - Local Taxes” herein for a discussion of the implementing ordinances for these taxes.

The City does not expect the application of Proposition 218 will have a material adverse impact on its ability to pay the Bonds.

**Proposition 1A.** Proposition 1A (“Proposition 1A”), proposed by the Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, restricts State authority to reduce major local tax revenues such as the tax shifts permitted to take place in Fiscal Years 2004-05 and 2005-06. Proposition 1A provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature.

Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. Such a shift may not occur more than twice in any 10-year period. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

For Fiscal Year 2009-10, 8% of the City’s property tax revenues were diverted to the State as a result of a Proposition 1A suspension.

Proposition 1A also provides that if the State reduces the vehicle license fee rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

**Proposition 22.** On November 2, 2010, voters in the State approved Proposition 22. Proposition 22, known as the “Local Taxpayer, Public Safety, and Transportation Protection Act of 2010,” eliminates or reduces the State’s authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

**Proposition 26.** On November 2, 2010, voters in the State also approved Proposition 26. Proposition 26 amends Article XIIC of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. The City does not expect the provisions of Proposition 26 to materially impede its ability to pay debt service on the Bonds.

**Future Initiatives.** From time to time other initiative measures could be adopted, limiting or otherwise affecting the ability of the City to increase revenues and appropriations.

## **Tax Cuts and Jobs Act**

H.R. 1 of the 115th U.S. Congress, known as the “Tax Cuts and Jobs Act,” was enacted into law on December 22, 2017 (Pub. L. No. 115-97, 131 Stat. 2054 (2017) (the “Tax Act”). The Tax Act makes significant changes to many aspects of the Internal Revenue Code. For example, the Tax Act reduces the amount of mortgage interest expense and state and local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could adversely affect the assessed values of residences in the City. However, the City cannot predict the effect that the Tax Act may have on its finances.

## **Secondary Market Risk**

There can be no assurance that there will be a secondary market for purchase or sale of the Bonds, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial

condition or market position of firms who may make the secondary market and the financial condition of the City.

## **TAX MATTERS**

In the opinion of Quint & Thimmig LLP, Bond Counsel, under existing law, interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds. Interest on the Bonds is not excluded from gross income for federal income tax purposes.

The federal tax and State of California personal income tax discussion set forth above with respect to the Bonds is included for general information only and may not be applicable depending upon a Beneficial Owner's particular situation. The ownership and disposal of the Bonds and the accrual or receipt of interest with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. BEFORE PURCHASING ANY OF THE BONDS, POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.

The complete text of the final opinion that Bond Counsel expects to deliver upon the delivery of the Bonds is set forth in "APPENDIX D - FORM OF OPINION OF BOND COUNSEL."

### **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes and provides the payer with a Form W-9, "Request for Taxpayer Identification Number and Certification," unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payer is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payer" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

## **LEGAL MATTERS**

### **Enforceability of Remedies**

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Trust Agreement or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. In the case of any bankruptcy proceeding involving the City, the rights of the Owners could be modified at the direction of the court. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Trust Agreement and other pertinent documents is subject to limitations imposed by bankruptcy, reorganization,

insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

### **Approval of Legal Proceedings**

Quint & Thimmig LLP, Larkspur, California, as Bond Counsel, will render an opinion with respect to the validity and enforceability of the Trust Agreement, and as to the validity of the Bonds. See “APPENDIX D” hereto for the proposed form of Bond Counsel’s opinion.

The City has no knowledge of any fact or other information which would indicate that the Trust Agreement or the Bonds are not enforceable against the City, except to the extent such enforcement is limited by principles of equity, by state and federal laws relating to bankruptcy, reorganization, moratorium or creditors’ rights generally and by limitations on legal remedies against municipalities in the State.

Certain legal matters will be passed on for the City by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel and by the City Attorney. Certain matters will be passed on for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. Fees payable to Bond Counsel, Disclosure Counsel and Underwriter’s Counsel are contingent upon the sale and delivery of the Bonds.

### **Absence of Litigation**

The City will furnish a certificate dated as of the date of delivery of the Bonds that there is not now known to be pending or threatened any litigation restraining or enjoining the execution or delivery of the Trust Agreement or the sale or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Trust Agreement is to be executed or delivered or the Bonds are to be delivered or affecting the validity thereof.

There exists lawsuits and claims against the City that are incidental to the ordinary course of the City’s operations. In the view of the City, there is no litigation, present or pending against the City, that will individually or in the aggregate impair the City’s ability to pay debt service on the Bonds.

## VALIDATION

On October 30, 2018, the City, acting pursuant to the provisions of Sections 860 *et seq.* of the California Code of Civil Procedure, filed a complaint in the Superior Court of the State of California for the County of Los Angeles seeking judicial validation of the Bonds and certain other matters, including the Trust Agreement. On January 15, 2019, the court entered a judgment to the effect, among other things, that the Bonds and Trust Agreement were valid, legal and binding obligations of the City. The Trust Agreement was also the subject of the judgment. The time period for the filing of appeals with respect to the judgment has expired and no appeals were filed and therefore the judgment is final and unappealable. In issuing its opinion as to the validity of the Bonds, Bond Counsel has relied upon the entry of the foregoing judgment.

## CONCLUDING INFORMATION

### Rating on the Bonds

S&P Global Ratings (“S&P”) has assigned its municipal bond rating of “AA-” to the Bonds. Such rating reflects only the views of S&P, and any desired explanation of the significance of such rating may be obtained from such rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Except as otherwise required in the Continuing Disclosure Certificate, the City undertakes no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

### Underwriting

The Bonds are being sold at an aggregate purchase price of \$53,936,266.25 (representing the aggregate principal amount of the Bonds less an underwriting discount of \$148,733.75) pursuant to a bond purchase contract (“Bond Purchase Contract”) entered into between the City and Samuel A. Ramirez & Co., Inc. (the “Underwriter”).

The expenses associated with the issuance of the Bonds are being paid by the City from proceeds of the Bonds. The right of the Underwriter to receive compensation in connection with the Bonds is contingent upon the issuance and delivery by the City, and the purchase by the Underwriter, of the Bonds. The Bond Purchase Contract provides that the Underwriter will purchase all of the Bonds if any are purchased and that the obligation of the Underwriter to accept and pay for the Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters.

The Underwriter will initially offer the Bonds for sale at the prices and yields set forth on the inside cover page of this Official Statement. Such prices or yields may subsequently change. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Bonds for sale and may offer to sell Bonds to dealers at prices lower than the initial offering prices.

## **The Municipal Advisor**

The material contained in this Official Statement was prepared by the City with the assistance of the Municipal Advisor who advised the City as to the financial structure and certain other financial matters relating to the Bonds. The information set forth herein has been obtained by the City from sources which are believed to be reliable, but such information is not guaranteed by Municipal Advisor as to accuracy or completeness, nor has it been independently verified. Fees paid to the Municipal Advisor are contingent upon the sale and delivery of the Bonds.

## **Continuing Disclosure**

The City will provide annually certain financial information and data relating to the City by not later than March 1 in each year commencing March 1, 2020 (the “Annual Report”), and to provide notices of the occurrence of certain other enumerated events in accordance with Rule 15c2-12 of the Securities Exchange Act of 1934 as amended (the “Rule”). The Municipal Advisor will act as Dissemination Agent. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events and certain other terms of the continuing disclosure obligation are found in the form of the City’s Disclosure Certificate attached in “APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

The City has previous undertakings under the Rule with respect to its lease revenue bonds (“Lease Revenue Bonds”) and the former Baldwin Park Redevelopment Agency tax allocation bonds. The City believes that in the last five years it has not failed to comply in any material respect with any previous undertakings with regard to the Rule. However, the 2014/15 annual report for the Lease Revenue Bonds and the 2014/15 annual report for the Baldwin Park Redevelopment Agency Sales Tax and Tax Allocation Bonds, Series 2003 were not posted on the EMMA website until December 28, 2015, one day after the required filing date of December 27, 2015.

## **Additional Information**

The summaries and references contained herein with respect to the Trust Agreement, the Bonds, statutes and other documents, do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute and references to the Bonds are qualified in their entirety by reference to the form hereof included in the Trust Agreement. Copies of the Trust Agreement may be obtained after delivery of the Bonds from the City at 14403 E. Pacific Avenue, Baldwin Park, California 91706.

## **References**

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Bonds.

## **Execution**

The execution of this Official Statement by the Chief Executive Officer has been duly authorized by the City.

## **CITY OF BALDWIN PARK**

By: /s/ Shannon Yauchzee  
Chief Executive Officer

## APPENDIX A

### SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

#### Definitions

*"Bond Counsel"* means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the City of nationally-recognized experience in the issuance of obligations of public entities.

*"Bond Law"* means the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 of said Code, as in effect on the Closing Date or as thereafter amended in accordance with its terms.

*"Bond Year"* means any twelve-month period beginning on June 2 in any year and extending to the next succeeding June 1, both dates inclusive; except that the first Bond Year begins on the Closing Date and ends on June 1, 2019.

*"Bonds"* means the City of Baldwin Park 2019 Taxable Pension Obligation Bonds issued by the City in the Bond Law and the Trust Agreement.

*"Business Day"* means a day of the year (other than a Saturday or Sunday) on which banks in California or New York are not required or permitted to be closed, and on which the New York Stock Exchange is open.

*"Certificate of the City"* means a certificate in writing signed by the Mayor, Chief Executive Officer, Director of Finance, the City Clerk or any Assistant City Clerk of the City, or any other officer of the City duly authorized by the City for that purpose.

*"City"* means the City of Baldwin Park, a general law city and municipal corporation organized and existing under the Constitution and laws of the State of California.

*"Closing Date"* means March 6, 2019, being the date on which the Bonds are delivered by the City to the Original Purchaser.

*"Costs of Issuance"* means all items of expense directly or indirectly payable by or reimbursable to the City relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee's first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Bonds; and any other cost, charge or fee in connection with the original issuance of the Bonds.

*"Costs of Issuance Fund"* means the fund by that name established and held by the Trustee under the Trust Agreement.

*"Debt Service Fund"* means the fund by that name established and held by the Trustee under the Trust Agreement.

*"Depository"* means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under the Trust Agreement.

*“Depository System Participant”* means any participant in the Depository’s book-entry system.

*“DTC”* means The Depository Trust Company, New York, New York, and its successors and assigns.

*“Event of Default”* means any of the events described in the Trust Agreement.

*“Federal Securities”* means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

*“Fiscal Year”* means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the City as its official fiscal year period under a Certificate of the City filed with the Trustee.

*“Independent Accountant”* means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State of California, appointed by or acceptable to the City, and who, or each of whom: (a) is in fact independent and not under domination of the City; (b) does not have any substantial interest, direct or indirect, with the City; and (c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

*“Information Services”* means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>) or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information with respect to called bonds as the City may designate to the Trustee.

*“Interest Account”* means the account by that name established and held by the Trustee under the Trust Agreement.

*“Interest Payment Date”* means each June 1 and December 1, commencing June 1, 2019.

*“Moody’s”* means Moody’s Investors Service, its successors and assigns.

*“Nominee”* means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under the Trust Agreement.

*“Office”* means, with respect to the Trustee, the corporate trust office of the Trustee at the address set forth in the Trust Agreement, or at such other or additional offices as may be specified by the Trustee in writing to the City; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.

*“Original Purchaser”* means Samuel A. Ramirez & Co., Inc. as original purchaser of the Bonds upon the negotiated sale thereof.



*“Outstanding”*, when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of the Trust Agreement; and (c) Bonds in lieu of or in substitution for which other Bonds have been authorized, executed, issued and delivered by the City under the Trust Agreement.

*“Owner”* means, with respect to any Bond, the person in whose name the ownership of such Bond is registered on the Registration Books.

*“Permitted Investments”* means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) Federal Securities.
- (b) Direct obligations of any of the following agencies of the United States of America, which are not fully guaranteed by the full faith and credit of the United States of America: (i) senior debt obligations of the Federal National Mortgage Association ; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) consolidated debt obligations of the Federal Home Loan Banks; (iv) debt obligations of the Student Loan Marketing Association; and (v) debt obligations of the Resolution Funding Corporation.
- (c) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, Aa or better by Moody’s and AA or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, Aa or better by Moody’s and AA or better by S&P.
- (d) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody’s and A-1 or better by S&P.
- (e) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee or its affiliates) in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation, including the Bank Insurance Fund or collateralized by Permitted Investments described in clause (a) above for amounts in excess of insurance.
- (f) Certificates of deposit, deposit accounts, federal funds or bankers’ acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank (including the Trustee or its affiliates), provided that such bank’s short-term certificates of deposit are rated P-1 by Moody’s and A-1 or better by S&P (not considering holding company ratings).
- (g) Money market funds (including funds for which the Trustee, its affiliates or subsidiaries, provide investment advisory or other management services) rated AAAM or AAAM-G by S&P but excluding such funds with a floating net asset value.
- (h) The Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California,

provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

*“Principal Account”* means the account by that name established and held by the Trustee under the Trust Agreement.

*“Record Date”* means, with respect to any Interest Payment Date, the close of business on the 15th calendar day of the month preceding such Interest Payment Date, whether or not such 15th calendar day is a Business Day.

*“Redemption Fund”* means the account by that name established and held by the Trustee under the Trust Agreement.

*“Registration Books”* means the records maintained by the Trustee under the Trust Agreement for the registration and transfer of ownership of the Bonds.

*“Request of the City”* means a request in writing signed by the Mayor, Chief Executive Officer, Director of Finance or City Clerk or any Assistant City Clerk of the City, or any other officer of the City duly authorized by the City for that purpose.

*“S&P”* means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, New York, New York, or its successors.

*“Securities Depositories”* means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate to the Trustee.

*“Sinking Account”* means the account by that name established and held by the Trustee under the Trust Agreement.

*“Supplemental Agreement”* means any agreement or other instrument which amends, supplements or modifies the Trust Agreement and which has been duly entered into between the City and the Trustee; but only if and to the extent that such Supplemental Agreement is specifically authorized under the Trust Agreement.

*“Trust Agreement”* means the Trust Agreement, dated as of March 1, 2019, by and between the City and the Trustee, as amended or supplemented from time to time by any Supplemental Agreement entered into under the provisions thereof.

*“Trustee”* means U.S. Bank National Association, as Trustee under the Trust Agreement, or any successor thereto appointed as Trustee thereunder in accordance with the provisions thereof.

### **Costs of Issuance Fund**

There is established a separate fund to be known as the “Costs of Issuance Fund”, to be held by the Trustee in trust. The Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Request of the City stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request of the

City; in each case together with a statement or invoice for each amount requested thereunder. Each such Request of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On June 6, 2019, the Trustee will transfer any amounts remaining in the Costs of Issuance Fund to the Debt Service Fund, and the Trustee will thereupon close the Costs of Issuance Fund.

### **Repayment of Bonds; Equal Security**

The Bonds are payable from any source of legally available funds of the City, including but not limited to amounts held by the City on deposit in its General Fund, and by a first and exclusive pledge and lien upon all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account therein) and the Redemption Fund, without preference or priority for date of execution or date of delivery. The Bonds are not secured by a pledge of or lien any specific revenues, income or funds of the City.

The obligations of the City under the Bonds, including the obligation to make all payments of interest and principal when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. However, the Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligations of the City to make payments on the Bonds constitute an indebtedness of the City, the State of California, or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction. The City Council is obligated in each Fiscal Year to appropriate all amounts from such funds as may be required to pay the aggregate amount of the principal of and the interest on the Bonds coming due and payable in such Fiscal Year.

In consideration of the acceptance of the Bonds by those who hold the same from time to time, the Trust Agreement constitutes a contract between the City and the Owners from time to time of the Bonds, and the covenants and agreements in the Trust Agreement set forth to be performed on behalf of the City are for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Trust Agreement.

### **Deposit of Amounts to Pay Debt Service**

The City shall pay or cause to be paid to the Trustee, not later than five Business Days prior to each date on which the principal of or interest on the Bonds is due and payable (including any date on which the Bonds are to be redeemed), an amount which is sufficient, together with other amounts then held by the Trustee in the Debt Service Fund, to pay the aggregate amount of principal of and interest on the Bonds coming due and payable on such date.

### **Debt Service Fund and Accounts Therein**

There is established a separate fund to be known as the "Debt Service Fund," to be held by the Trustee in trust for the benefit of the Owners. The Trustee will hold the Debt Service Fund for the uses and purposes set forth in the Trust Agreement, so long as any of the Bonds remain Outstanding. The Trustee will deposit all amounts paid to it by the City in the Debt Service Fund promptly upon receipt.

On or before the Business Day preceding each Interest Payment Date, the Trustee shall transfer from the Debt Service Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Debt Service Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from insufficiencies of any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

*First:* to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds then Outstanding;

*Second:* to the Sinking Account, the mandatory sinking account payment becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date, if any; and

*Third:* to the Principal Account, the aggregate amount of principal becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date, if any.

*Application of Interest Account.* All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased prior to maturity pursuant to this Indenture).

*Application of Principal Account.* All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Bonds when due and payable.

*Application of Sinking Account.* All amounts in the Sinking Account shall be used and withdrawn by the Trustee solely for the purposes of paying the sinking account installments of the Bonds when due and payable.

## **Redemption Fund**

Upon receipt by the Trustee of written notice from the City of its intention to optionally redeem any Bonds, the Trustee will establish a separate fund to be known as the "Redemption Fund", to be held by the Trustee in trust for the benefit of the Owners. On or before the 5th Business Day preceding the redemption date, the City will pay to the Trustee for deposit in the Redemption Fund an amount required to pay the principal of on the Bonds to be so redeemed on such date. The Trustee will apply amounts in the Redemption Fund solely for the purpose of paying the principal of on the Bonds upon the redemption thereof, on the date set for such redemption. Interest due on the Bonds on any redemption date will be paid from amounts held by the Trustee for that purpose in the Interest Account as provided above.

## **Investment of Funds**

The Trustee shall invest moneys in the funds and accounts held by it under the Trust Agreement in Permitted Investments as directed in a Request of the City filed with the Trustee at least 2 Business Days in advance of the making of such investments. In the absence of any such directions from the City, the Trustee shall invest any such moneys in Permitted Investments described in clause (g) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction specifying a specific money market

fund and, if no such written direction is so received, the Trustee shall hold such moneys uninvested such funds shall remain uninvested. Permitted Investments purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. To the extent Permitted Investments are registrable, such Permitted Investments must be registered in the name of the Trustee.

Moneys in all funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required by the Trustee.

All interest or gain derived from the investment of amounts in any of the funds or accounts held under the Trust Agreement shall be deposited into the fund or account from which such investment was made. For purposes of acquiring any investments under the Trust Agreement, the Trustee may commingle funds held by it under the Trust Agreement. The Trustee or an affiliate of the Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee has no liability for losses arising from any investments made under the Trust Agreement.

The Trustee may make any investments under the Trust Agreement through its own bond or investment department or trust investment department, or those of its parent or any affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Trust Agreement. The Trustee is authorized, in making or disposing of any investment permitted by the Trust Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or is dealing as a principal for its own account.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City will not receive such confirmations to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the City a periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee under the Trust Agreement. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request.

### **Certain Covenants of the City**

*Punctual Payment.* The City will punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and the Trust Agreement. The City will faithfully observe and perform all of the conditions, covenants and requirements of the Trust Agreement and all Supplemental Agreements. Nothing in the Trust Agreement contained prevents the City from making advances of other legally available funds to make any payment referred to in the Trust Agreement.

*Budget and Appropriation.* So long as any Bonds remain Outstanding under the Trust Agreement, the City shall adopt all necessary budgets and make all necessary appropriations for the payment of principal of and interest on the Bonds from any source of legally available funds of the City. If any payment of principal of and interest on the Bonds requires the adoption by the City of a supplemental budget or appropriation, the City shall promptly adopt the same.

The covenants on the part of the City contained in the Trust Agreement are duties imposed by law and it is the duty of each and every public official of the City to take such actions and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Trust Agreement.

*Books and Accounts; Financial Statements; Additional Information.* The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries are made of all transactions relating to its funds and accounts. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The City will cause to be prepared annually, within 180 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing its revenues and expenditures as of the end of such Fiscal Year. The City will furnish a copy of such statements upon reasonable request to any Owner.

*Continuing Disclosure.* The City will comply with and carry out all of the provisions of the Continuing Disclosure Certificate which has been executed and delivered by the City on the Closing Date. Notwithstanding any other provision of the Trust Agreement, failure of the City to comply with such Continuing Disclosure Certificate does not constitute an Event of Default under the Trust Agreement; *provided, however*, that any Participating Underwriter (as such term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under the Trust Agreement.

## **The Trustee**

### *Duties, Immunities and Liabilities of Trustee.*

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Trust Agreement and no implied covenants or duties shall be read into the Trust Agreement against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in their exercise, as a reasonable corporate trustee would exercise or use.

(b) The City may remove the Trustee at any time, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Trustee ceases to be eligible in accordance with subsection (e) below, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. The City may accomplish such removal by giving 30 days written notice to the Trustee, whereupon the City will appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the City, and by giving notice of such resignation by first class mail, postage prepaid, to the Owners at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the City will promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any federal or state court for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Trust Agreement shall signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee under the Trust Agreement, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Trust Agreement; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Trust Agreement and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions in the Trust Agreement set forth. Upon request of the successor Trustee, the City will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the City will mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts under the Trust Agreement to each rating agency which then maintains a rating on the Bonds, and to the Owners at the addresses shown on the Registration Books. If the City fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the City.

(e) Any Trustee appointed under the provisions of the Trust Agreement in succession to the Trustee must (i) be a company or bank having trust powers, (ii) have a corporate trust office in the State of California, (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least \$50,000,000, and (iv) be subject to supervision or examination by federal or state authority.

If such bank or company publishes a report of condition at least annually, under law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in subsection (c) above.

*Merger or Consolidation.* Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it is a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company is eligible under subsection (e) above, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything in the Trust Agreement to the contrary notwithstanding.

*Liability of Trustee.*

(a) The recitals of facts in the Trust Agreement and in the Bonds contained are taken as statements of the City, and the Trustee assumes no responsibility for the correctness of the same, nor does it have any liability whatsoever therefor, nor does it make any representations as to the validity or sufficiency of the Trust Agreement or of the Bonds nor does it incur any responsibility in respect thereof, other than as expressly stated in the Trust Agreement. The Trustee is, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee is not liable in connection with the performance of its duties under the Trust Agreement, except for its own negligence or willful misconduct. The Trustee is not liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the City.

(b) The Trustee is not liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Trust Agreement.

(c) The Trustee is not liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Trust Agreement, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated under the Trust Agreement shall not be construed as a mandatory duty.

(d) The Trustee will not be deemed to have knowledge of any Event of Default under the Trust Agreement unless and until a responsible officer of the Trustee has actual knowledge thereof, or unless and until a responsible officer of the Trustee has received written notice thereof at its Office. Except as otherwise expressly provided in the Trust Agreement, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements in the Trust Agreement or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default under the Trust Agreement or thereunder. The Trustee shall not be responsible for the City's payment of principal and interest on the Bonds, the City's observance or performance of any other covenants, conditions or terms contained in the Trust Agreement, or the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, and notwithstanding anything in the Trust Agreement to the contrary, the Trustee is not responsible for reviewing the contents of any financial statements furnished to the Trustee under the Trust Agreement and may rely conclusively on the Certificate of the City



accompanying such financial statements to establish the City's compliance with its financial covenants under the Trust Agreement.

(e) No provision in the Trust Agreement requires the Trustee to risk or expend its own funds or otherwise incur any financial liability under the Trust Agreement. The Trustee will be entitled to receive interest on any moneys advanced by it under the Trust Agreement, at the maximum rate permitted by law.

(f) The Trustee may establish additional funds and accounts or subaccounts of the funds established under the Trust Agreement as the Trustee deems necessary or prudent in furtherance of its duties under the Trust Agreement.

(g) The Trustee has no responsibility or liability whatsoever with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, nor shall the Trustee have any obligation to review any such material, and any such review by the Trustee will not be deemed to create any obligation, duty or liability on the part of the Trustee.

(h) Before taking any action under the Trust Agreement, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to hold the Trustee harmless from any expenses whatsoever and to protect it against any liability it may incur under the Trust Agreement.

(i) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(j) The permissive right of the Trustee to do things enumerated in the Trust Agreement shall not be construed as a duty.

(k) The Trustee may execute any of the trusts or powers of the Trust Agreement and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

(l) The Trustee shall not be considered in breach of or in default in its obligations under the Trust Agreement or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(m) The Trustee agrees to accept and act upon facsimile or email transmission of written instructions and/or directions pursuant to this Indenture provided, however, that: (a) subsequent to such facsimile or email transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

(n) In no event shall the Trustee be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(o) The Trustee will not incur liability for not performing any act or not fulfilling any duty, obligation or responsibility under the Trust Agreement by reason of any occurrence beyond its control, including but not limited to any act or provision of any present or future law or regulation or governmental authority, natural catastrophes, civil or military disturbances, loss or malfunctions of utilities, any act of God or war, terrorism or the unavailability of the Federal Reserve Bank or other wire or communication facility.

*Compensation and Indemnification.* Absent any agreement to the contrary, the City will pay to the Trustee from time to time compensation for all services rendered under the Trust Agreement and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under the Trust Agreement. The Trustee has a first lien on the funds and accounts held by the Trustee under the Trust Agreement to secure the payment to the Trustee of all fees, costs and expenses, including compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in the Trust Agreement. Any such expenses incurred by the Trustee shall be deemed to constitute a substantial contribution to the trust estate which secures the Bonds.

To the extent permitted by law, the City further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless from and against any loss, expense and liabilities, whether or not litigated, which it may incur arising out of or in the exercise and performance of its powers and duties under the Trust Agreement, including the costs and expenses of defending against any claim of liability and of enforcing any remedies under the Trust Agreement and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the City under the Trust Agreement shall survive resignation or removal of the Trustee under the Trust Agreement and payment of the Bonds and discharge of the Trust Agreement.

### **Modification or Amendment of the Trust Agreement**

#### *Amendments Permitted.*

(a) **Amendment With Owner Consent.** The Trust Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended by the City and the Trustee upon Request of the City at any time by the execution of a Supplemental Agreement, but only with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Trust Agreement. Any such Supplemental Agreement becomes effective upon the execution and delivery thereof by the parties thereto and upon consent of the requisite Owners. No such modification or amendment may:

(i) extend the maturity of a Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal thereof, or interest thereon, at the time and place and at the rate and in the currency provided therein, without the written consent of the Owner of that Bond;

(ii) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification; or

(iii) modify any of the rights or obligations of the Trustee without its written consent.

(b) **Amendment Without Owner Consent.** The Trust Agreement and the rights and obligations of the City and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners of the Bonds, and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in the Trust Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power in the Trust Agreement reserved to or conferred upon the City; or

(ii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in the Trust Agreement, or in any other respect whatsoever as the City deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the City and the Trustee.

*Effect of Supplemental Agreement.* From and after the time any Supplemental Agreement becomes effective under the Trust Agreement, the Trust Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced under the Trust Agreement subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Agreement shall be deemed to be part of the terms and conditions of the Trust Agreement for any and all purposes.

### **Events of Default and Remedies**

*Events of Default.* The following events (“Events of Default”) shall be events of default under the Trust Agreement:

(a) if default shall be made in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) if default shall be made by the City in the observance of any of the covenants, agreements or conditions on its part in the Trust Agreement or in the Bonds contained, and such default shall have continued for a period of thirty (30) days after written notice thereof to the City; or

(d) if the City shall file a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, seeking reorganization of the City under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of

competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property.

*Remedies of Owners.* Any Owner shall have the right, for the equal benefit and protection of all Owners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the City and its members, officers, agents or employees to perform each and every term, provision and covenant contained in the Trust Agreement and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the City and the fulfillment of all duties imposed upon it;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Owners' rights; or

(c) upon the happening of any Event of Default, by suit, action or proceeding in any court of competent jurisdiction, to require the City and its members and employees to account as if it and they were the trustees of an express trust.

*Remedies Not Exclusive.* No remedy in the Trust Agreement conferred upon the Owners of Bonds shall be exclusive of any other remedy and that each and every remedy shall be cumulative and shall be in addition to every other remedy given under the Trust Agreement or thereafter conferred on the Owners.

#### **Defeasance of Bonds**

If the City pays and discharges the entire indebtedness on any Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee or an escrow bank, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under the Trust Agreement is fully sufficient to pay such Bonds, including all principal and interest;

(c) by irrevocably depositing with the Trustee or an escrow bank, non-callable Federal Securities described in clause (a) of the definition thereof, in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established under the Trust Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal and interest) at or before maturity; or

(d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been duly given or provision satisfactory to the Trustee has been made for the giving of such notice, then, at the election of the City, and notwithstanding that any such Bonds have not been surrendered for payment, all obligations of the Trustee and the City under the Trust Agreement with respect to such Bonds shall cease and terminate, except only:

(a) the obligation of the Trustee to transfer and exchange Bonds under the Trust Agreement,

(b) the obligation of the City to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and

(c) the obligations of the City to compensate and indemnify the Trustee under the Trust Agreement.

The City must file notice of such election with the Trustee. The Trustee shall pay any funds thereafter held by it, which are not required for said purpose, to the City.

In the case of a defeasance or payment of all of the Bonds Outstanding in accordance with the Trust Agreement, the Trustee shall pay all amounts held by it in any funds or accounts under the Trust Agreement, which are not required for said purpose or for payment of amounts due the Trustee under the Trust Agreement, to the City.

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**APPENDIX B**  
**CITY AUDITED FINANCIAL STATEMENTS**

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# City of Baldwin Park, California Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2018



Walnut Creek Nature Park Improvements



New Fixed Route Compressed Natural Gas Fueled City Bus



Aquatic Programs Year Round at the City of Baldwin Park Aquatic Center



Prepared by  
FINANCE DEPARTMENT



**Comprehensive Annual Financial Report**  
**City of Baldwin Park, California**  
***Year Ended June 30, 2018***  
***With Report of Independent Auditors***

**Prepared by the Department of Finance**

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## CITY OF BALDWIN PARK

DEPARTMENT OF FINANCE

14403 E. Pacific Avenue

Baldwin Park, CA 91706

Phone (626) 960-4011

December 31, 2018

Honorable Mayor and City Council  
City of Baldwin Park  
Baldwin Park, California

It is our pleasure to submit for your information the Comprehensive Annual Financial Report (CAFR) of the City of Baldwin Park (the City) for the fiscal year ended June 30, 2018.

### **Financial Condition and Overview**

As of June 30, 2018, the General Fund cash balance was \$7.7 million plus \$6.0 million committed for future development and \$738,328 for community enhancement. The total General Fund Reserves was \$15.5 million (\$5.7 million was unassigned, \$6.3 million was committed for future development, \$740,398 was assigned for community enhancement, and \$2.8 million was committed based on the City's policy to maintain 10% of current fiscal year adopted operating expenditures as the minimum reserve for emergency purposes). The General Fund Reserves including the Future Development and Community Enhancement Funds increased by \$1.7 million mainly due to increases in revenues from property tax, sales tax, franchise tax, transient occupancy tax, SB211 PassThru, gain on sale of property, rebate from LED conversion program, and administrative and public safety mitigation fees for cannabis cultivation, manufacturing, and distribution. The Citywide reserves increased by \$1.7 million mainly due to an increase in revenues as mentioned above as well as Interest income doubled from the prior year due to better yield.

### **Financial Statements and Management's Responsibility**

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). As required by GAAP, these financial statements present the City (the primary government) and its component units (entities for which the government is considered to be financially accountable). Blended component units (although legally separate entities) are in substance part of the government's operations, and so data from these units are combined with data of the primary government. This report consists of management's representations concerning the finances of the City. 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, City management 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 Vasquez & Company LLP, a public accounting firm, fully licensed and qualified to perform audits of the State and local governments within the State of California. The purpose of the independent audit was to provide reasonable assurance that the financial

statements of the City for the fiscal year ended June 30, 2018 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 unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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 the City's internal controls and the legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and the MD&A should be read in conjunction with it.

### **Profile of the City of Baldwin Park**

The City was founded in 1887 and incorporated on January 25, 1956, under the general laws of the State of California. The City operates under Council-Chief Executive Officer form of government. The City's Mayor is elected at large every two years, and the City Council members are elected at large to four-year terms in alternate slates every two years. The City is located 17 miles east of Los Angeles, in the center of the San Gabriel Valley, and shares common boundaries with the cities of El Monte to the west, West Covina to the east and south and Irwindale to the north.

The City occupies 6.7 square miles. Infill residential development has increased the population from 50,554 in 1980 to 76,708 as of January 2018. The City is diversified with single family and multiple family housing development, commercial development and industrial development. Major businesses include Home Depot, Wal-Mart, Nichols Lumber & Hardware, Target, In-N-Out Burgers, the Marriott Hotel and Harley Davidson Sales. Kaiser Permanente, a non-profit medical group, operates a hospital and medical center in the City.

### ***City Services***

The City provides a range of municipal services. Services provided include its own police department, recreation and community service, parks, street maintenance and improvements, storm drains maintenance and improvements, local transit services, planning, zoning, building inspection, code enforcement and general administrative and support services. The County of Los Angeles provides fire and emergency services, in addition to library services. The City contracts with the County of Los Angeles for animal control services. A Metro-Link Station is located next to City Hall. The City's Transit Center and Parking Facility in between City Hall and the Metro-Link Station serve both facilities.

### ***Financial Policies***

The City Council and Management continue to evaluate the financial policies to aid the City in accomplishing stabilization in revenue and expenditures. Major emphasis and impact will be on conserving fund balances and ensuring long-term fiscal health of the City. One of the financial policies is that the City is to reserve an amount not less than ten percent (10%) of the general fund operating expenditures, and it shall be placed in reserves at the adoption of the annual operating budget.

### ***Budget***

The City adopts a comprehensive budget by the department prior to the start of the fiscal year on July 1. The budget is further detailed by cost center (division) and character of expenditure, defined as Contractual Services, Personnel Services, Maintenance and Operations, and Capital Outlay. The ledgers



of the City and its component units are maintained by line item detail or object of expenditure. However, all budgetary controls are exercised at the department and fund level. Revenues are estimated annually and measured against actual revenues earned.

Major budget initiatives included in the adopted budget for the fiscal year 2017-18 were: wage increases and cost of living adjustments in accordance with employee union agreements, replacement of old vehicles and equipment, restoring staffing levels and events, city-wide streets and alleys paving, median landscaping, and reinvigorating business communities and attracting new business entities.

### ***Employee Benefits***

The City provides its full-time and eligible part-time employees retirement benefits. Members and their beneficiaries are provided benefits through defined benefit pension plans for both public safety employees and miscellaneous employees. These plans are part of the California Public Employees' Retirement System (CalPERS). The City contributes to the plans based on amounts determined by CalPERS actuaries. The City also contributes a portion of the employees' required contributions/cost sharing on their behalf and for their account.

The City also provides post-retirement health benefits to its employees in accordance with agreements reached with the various employee bargaining groups. The City pays for retirees' health care premiums in these plans up to limits established in the agreements with the bargaining units. Additional information on the City's retirement and post-employment benefits can be found in Notes 12 and 13 in the notes to the basic financial statements.

### **Local Economy and Outlook**

During fiscal year 2017-18, Baldwin Park continued to benefit from the steady economic improvements that are seen nationwide. The City's General Fund Reserve Balance increased by \$1.4 million or 20% from the prior year. For the upcoming 2018-19 fiscal year, the City's operating revenue projections show a continued increase in revenues which is consistent with current economic trends. The City will expect an increase in sales tax due to a few new businesses added to the City. There will be additional revenues added to the City's General Fund with the adoption of the City's cannabis ordinance. The fiscal year 2018-19 adopted budget shows a surplus of \$217,685 in the General Fund excluding the Future Development and Community Enhancement Funds.

### **Long Term Financial Planning**

"Increase Reserves, Reduce Future Costs and Generate Long-Term Savings, and New Revenue Streams" is the City's budget theme and long-term financial goal. The City continues to promote new businesses and construction in an effort to generate long-term revenue. Below are some of the highlights of the new developments during fiscal year 2017-18:

- Waba Grill (2<sup>nd</sup> location), Jersey Mikes, Chipotle, and Coffee Bean & Tea Leaf joined the City's business community.
- The City passed an Ordinance to allow the cultivation, manufacture, testing, and distribution of cannabis in the City.
- Kaiser Permanente broke ground on an addition to their existing medical center, which will be a two-story 60,000 square foot medical office building.

The City is expected to add the following new businesses: Dunkin Donuts, Raising Cane's, and 7-Eleven (2 new locations). In addition, Sunstate Equipment Rental is expected to double their operations by expanding to an adjacent building. The land purchased previously from Caltrans is expected to be sold for commercial development.

The City has approved issuance of a pension obligation bond to pay down the unfunded retirement pension liability, which is expected to save the City a significant amount of interest expense.

The City set aside \$2.0 million in fiscal year 2018-19 from the expected cannabis mitigation fees in the Community Enhancement Fund for programs to benefit the local community.

City staff continues to work diligently with the Mayor and City Council to analyze various options to develop strategies to increase economic opportunities and new revenue streams to maintain a balanced budget and healthy level of General Fund reserves.

### **GFOA Certificate of Achievement Award**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Baldwin Park for its CAFR for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports.


To be awarded a Certificate of Achievement a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another award.

### **Acknowledgements**

The preparation of this CAFR reflects the hard work, talent, and commitment of the Finance Department staff, including the Finance Interns. This document could not have been accomplished without the high level of professionalism and dedication that they bring to the City of Baldwin Park. All of their hard work and efforts are sincerely appreciated. Gratitude is also extended to all other City Departments for their continued support. We would also like to express our appreciation to Vasquez & Company LLP, the City's independent auditors, who assisted and contributed to the preparation of the CAFR.

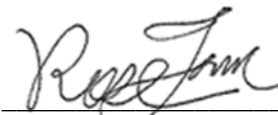
Finally, we thank the Mayor and City Council for their valuable support and interest in directing the financial affairs of the City in a responsible, professional and progressive manner.

Respectfully submitted,



---

Shannon Yauchzee  
Chief Executive Officer



---

Rose Tam  
Director of Finance

## **CITY COUNCIL**

MANUEL LOZANO  
Mayor

RICARDO PACHECO  
Mayor Pro Tem

CRUZ BACA  
Councilmember

MONICA GARCIA  
Councilmember

SUSAN RUBIO  
Councilmember

## **ADMINISTRATION**

MARIA CONTRERAS  
City Treasurer

ALEJANDRA AVILA  
City Clerk

ROBERT TAFOYA  
City Attorney

## **EXECUTIVE TEAM**

SHANNON YAUCHZEE  
Chief Executive Officer

MICHAEL TAYLOR  
Chief of Police

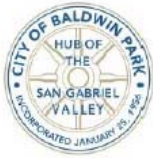
ROSE TAM  
Director of Finance

SAMUEL GUTIERREZ  
Director of Public Works

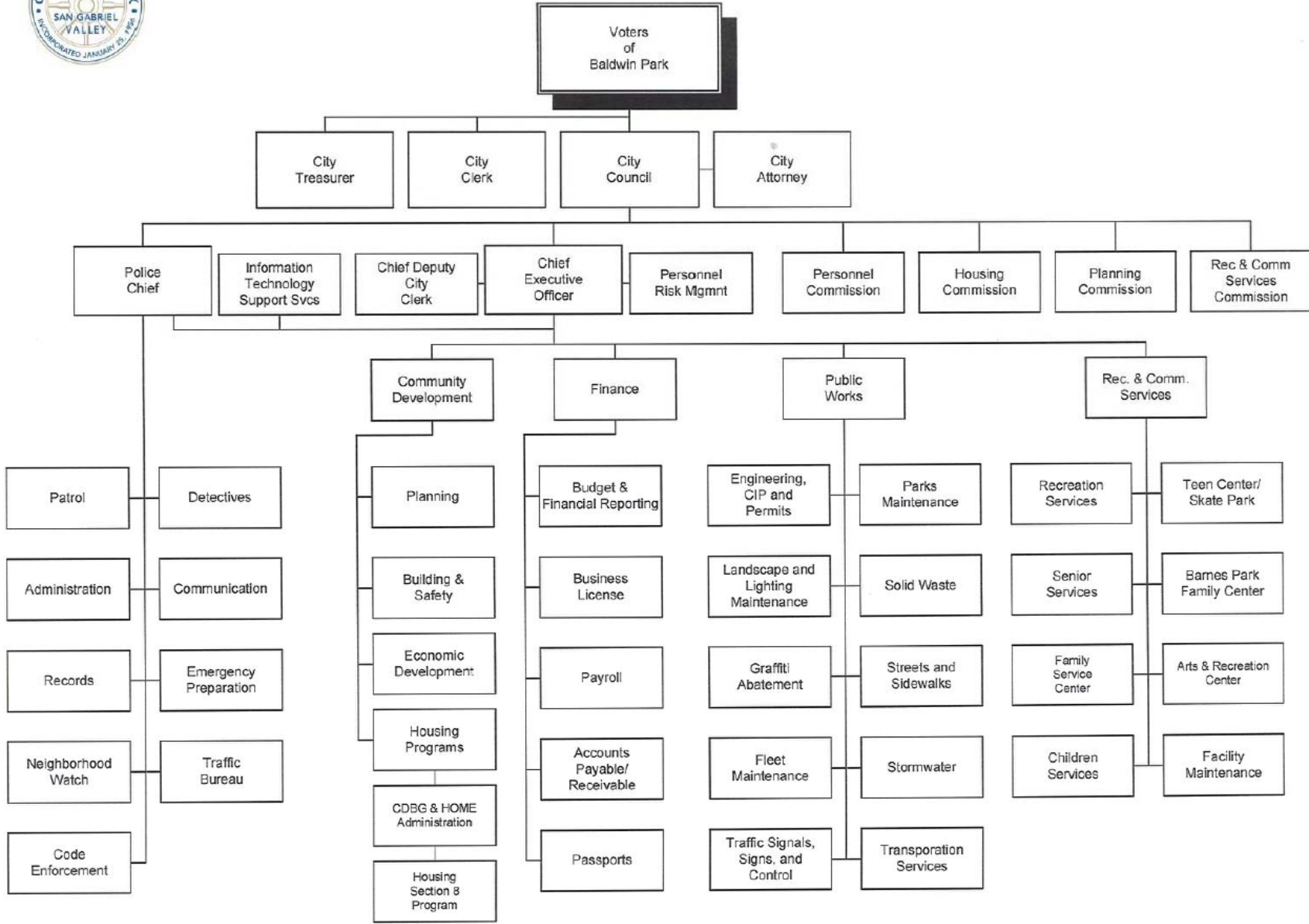
ANDRE DUPRET  
Interim Director of Community  
Development

MANUEL CARRILLO  
Director of Recreation and  
Community Service

LAURA THOMAS  
Human Resources Manager



# City of Baldwin Park





Government Finance Officers Association

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

Presented to

**City of Baldwin Park  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



**The Government Finance Officers Association  
of the United States and Canada**

*presents this*

## **AWARD OF FINANCIAL REPORTING ACHIEVEMENT**

*to*

**Finance Department**  
City of Baldwin Park, California



*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

*Christopher P. Morill*

Date July 3, 2018

## REPORT OF INDEPENDENT AUDITORS

**The Honorable Mayor and the Members of the City Council  
City of Baldwin Park, California**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Baldwin Park, California (the City), as of and for the year ended June 30, 2018, and the related notes to 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.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity'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 entity'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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Baldwin Park, California, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14 and Required Supplementary Information on pages 67 through 77, 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 required supplementary information 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information 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 of Baldwin Park's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedule 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 nonmajor fund financial statements and budgetary comparison schedules on pages 82 through 136 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 nonmajor fund financial statements and





budgetary comparison schedules on pages 82 through 136 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*Implementation of New Accounting Standards*

As discussed in Notes 1 and 20, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* effective for the fiscal year ended June 30, 2018. As a result of this implementation, the City's beginning net position was restated to retroactively report the City's net OPEB liability as of June 30, 2017. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, on our consideration of the City of Baldwin Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Baldwin Park's internal control over financial reporting and compliance.

*Vasquez + Company LLP*

**Glendale, California  
December 31, 2018**

As management of the City of Baldwin Park (City), we offer readers of the City's financial statements the narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. Please read it in conjunction with the accompanying transmittal letter at the front of this report, and the basic financial statements, which follow this section.

### **Financial Highlights**

- ❖ The City's total assets and deferred outflows of resources as of June 30, 2018, were about \$186.6 million. Total liabilities and deferred inflows of resources were \$125.5 million, while the total net position was \$61.1 million. The net pension liability of \$53.5 million was reported as part of the total liability in the balance sheet due to the reporting requirements of Governmental Accounting Standards Board (GASB) Statement No. 68. GASB Statement No. 68 also established reporting of deferred outflows and inflows of resources related to pensions. Deferred outflows and inflows of resources related to pensions reported at June 30, 2018 of \$11.3 million and about \$2.4 million, respectively, represented pension contributions subsequent to measurement date, net difference between projected and actual earnings on plan investments, changes of assumptions, differences in proportion, expected and actual experience, and differences in actual and proportionate share in contribution.
- ❖ During the fiscal year ended June 30, 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. This required the City to report net OPEB liability of \$42.9 million as of June 30, 2018.
- ❖ The City-wide total revenues from all sources were \$53.8 million and total expenses for all functions and programs were \$62.6 million. The City's net position decreased by \$31.2 million. The decrease was due to \$8.8 million excess of expenses over revenues and the impact of implementing GASB Statement No. 75. The retroactive effect of implementing GASB Statement No. 75 was a decrease in the City's beginning net position balance of \$27.5 million.
- ❖ As of June 30, 2018, the City's governmental funds reported a combined ending fund balance of \$48.2 million, an increase of \$364,080 over the prior fiscal year.
- ❖ The City's General Fund revenues (including transfer in) exceeded expenditures (including transfers out) by approximately \$1.5 million.
- ❖ As of June 30, 2018, the City's General Fund nonspendable fund balance was \$14.1 million, the committed and assigned fund balance was \$9.8 million, and the unassigned fund balance was \$5.7 million for a total of \$29.6 million; this represents an increase of \$1.5 million from the prior year's General Fund balance.
- ❖ The Future Development Fund and the Community Enhancement Fund are reported as part of the General Fund. As of June 30, 2018, the Future Development Fund had a fund balance of \$6.3 million and the Community Enhancement Fund had a fund balance of \$740,398. This represents an increase of \$372,366.

### **Overview of the Financial Statements**

This discussion and analysis are an introduction to the City's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements,

and 3) notes to the basic financial statements. This report also consists of 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 outflows of resources and on its liabilities and deferred inflows of resources, with the difference between the accounts 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).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The *governmental activities* of the City include general government, public safety, public works, community development, recreation, non-departmental, and interest on long-term debt.

The government-wide financial statements include not only the City itself (known as the primary government) but also two legally separate entities: the Baldwin Park Housing Authority and the Baldwin Park Public Financing 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.

*Governmental Activities* – Majority of the City's primary functions are reported in this category, including general government (chief executive officer, city clerk, finance, etc.), public safety, parks and recreation services, public works and community development. The financial activities of the special revenue funds and grant programs are also incorporated into this category.

*Business-type Activities* – This represents the City's enterprise fund which is similar to a private-sector business and is used to account for Public Housing activities.

The government-wide financial statements can be found beginning on page 15 of this report.

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

*Governmental Funds* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

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 decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 36 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, Housing and Community Development Fund, and the Housing Asset Fund, each of which is considered to be major funds. Data from the other 33 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the *nonmajor governmental funds supplementary information* section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate its compliance with this budget.

The governmental fund financial statements can be found beginning on page 17 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 an enterprise fund to account for its public housing operation. *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 vehicle operation and maintenance, information services, capital equipment, and self-insurance activities, including general claims liability and workers' compensation insurance.

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 maintenance and operation of a public housing fund, which is considered an enterprise fund in the government-wide financial statements. 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 beginning on page 21 of this report.

*Fiduciary Funds* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements for the Agency Deposits Fund and the Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund can be found beginning on page 24 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 beginning on page 26 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 to its employees and a comparison of budgeted to actual results for the general and major special revenue funds. *Required supplementary information* can be found beginning on page 67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following *the required supplementary information*. Combining and individual fund statements and schedules can be found beginning on page 82 of this report.

### Government-wide Financial Analysis

**Net position** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position was \$92.3 million as of June 30, 2017. It decreased \$31.2 million during the fiscal year. Assets increased by \$4.4 million and liabilities increased by \$38.4 million compared to June 30, 2017 because of additional net OPEB liability reported in fiscal year 2018. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$61.1 million at June 30, 2018.

By far, the largest portion of the City's net position at June 30, 2018, (\$99.8 million) reflects its net investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; these assets are not available for future spending. Although the City's investment in its capital assets is reported as net of related debt, it should be noted that the resources needed to repay this obligation must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Cash and other assets	\$ 74,682,447	\$ 72,476,348	\$ 31,492	\$ 22,494	\$ 74,713,939	\$ 72,498,842
Capital assets net of accumulated depreciation	99,355,479	97,154,198	413,513	428,020	99,768,992	97,582,218
<b>Total assets</b>	<b>174,037,926</b>	<b>169,630,546</b>	<b>445,005</b>	<b>450,514</b>	<b>174,482,931</b>	<b>170,081,060</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pension	11,278,960	10,905,015	-	-	11,278,960	10,905,015
Deferred outflows related to OPEB	824,524	-	-	-	824,524	-
<b>Total deferred outflows</b>	<b>12,103,484</b>	<b>10,905,015</b>	<b>-</b>	<b>-</b>	<b>12,103,484</b>	<b>10,905,015</b>
<b>LIABILITIES</b>						
Current and other liabilities	4,428,698	3,645,826	7,869	5,731	4,436,567	3,651,557
Long-term liabilities	118,647,247	81,056,679	2,092	-	118,649,339	81,056,679
<b>Total liabilities</b>	<b>123,075,945</b>	<b>84,702,505</b>	<b>9,961</b>	<b>5,731</b>	<b>123,085,906</b>	<b>84,708,236</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pension	2,369,456	3,958,648	-	-	2,369,456	3,958,648
<b>NET POSITION</b>						
Net investment in capital assets	99,355,479	97,154,197	413,513	428,020	99,768,992	97,582,217
Restricted	35,271,463	25,184,419	-	-	35,271,463	25,184,419
Unrestricted	(73,930,933)	(30,464,208)	21,531	16,763	(73,909,402)	(30,447,445)
<b>Total net position</b>	<b>\$ 60,696,009</b>	<b>\$ 91,874,408</b>	<b>\$ 435,044</b>	<b>\$ 444,783</b>	<b>\$ 61,131,053</b>	<b>\$ 92,319,191</b>

*\*For purposes of presenting the prior year information in the management discussion and analysis, the 2017 financial information has not been restated to reflect the effect of GASB 75 implementation due to lack of information.*

**City of Baldwin Park  
Management's Discussion and Analysis  
June 30, 2018**

**Governmental Activities** For fiscal year 2017-18, governmental activities decreased the City's net position by \$31.2 million.

	Governmental Activities			Business-type Activities			Total Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
<b>General Revenues</b>									
Charges for services	\$ 6,615,767	\$ 5,783,358	\$ 832,409	\$ 37,115	\$ 33,736	\$ 3,379	\$ 6,652,882	\$ 5,817,094	\$ 835,788
Operating contributions and grants	15,379,723	14,069,468	1,310,255	-	-	-	15,379,723	14,069,468	1,310,255
Capital contributions and grants	-	46,286	(46,286)	-	-	-	-	46,286	(46,286)
Taxes									
Property taxes	13,966,896	13,517,129	449,767	-	-	-	13,966,896	13,517,129	449,767
Sales taxes	6,095,478	5,402,494	692,984	-	-	-	6,095,478	5,402,494	692,984
Franchise taxes	2,596,774	2,457,753	139,021	-	-	-	2,596,774	2,457,753	139,021
Utility users taxes	2,449,027	2,401,252	47,775	-	-	-	2,449,027	2,401,252	47,775
Other taxes	2,187,416	1,546,154	641,262	-	-	-	2,187,416	1,546,154	641,262
Investment income	986,292	466,942	519,350	-	-	-	986,292	466,942	519,350
Other income	3,468,068	2,196,065	1,272,003	-	-	-	3,468,068	2,196,065	1,272,003
Total	53,745,441	47,886,901	5,858,540	37,115	33,736	3,379	53,782,556	47,920,637	5,861,919
<b>Expenses</b>									
Governmental Activities									
General government	4,289,453	3,934,170	355,283	-	-	-	4,289,453	3,934,170	355,283
Public safety	24,520,278	22,840,607	1,679,671	-	-	-	24,520,278	22,840,607	1,679,671
Public works	17,204,596	18,128,344	(923,748)	-	-	-	17,204,596	18,128,344	(923,748)
Community development	10,255,744	8,832,071	1,423,673	-	-	-	10,255,744	8,832,071	1,423,673
Recreation services	5,729,841	4,950,577	779,264	-	-	-	5,729,841	4,950,577	779,264
Interest and fiscal charges	505,629	567,180	(61,551)	-	-	-	505,629	567,180	(61,551)
Business-type Activities									
Public housing	-	-	-	61,773	55,381	6,392	61,773	55,381	6,392
Total	62,505,541	59,252,949	3,252,592	61,773	55,381	6,392	62,567,314	59,308,330	3,258,984
<b>Change in net assets before transfers</b>	(8,760,100)	(11,366,048)	2,605,948	(24,658)	(21,645)	(3,013)	(8,784,758)	(11,387,693)	2,602,935
<b>Transfers</b>	(14,919)	(1,018,018)	-	14,919	14,228	-	-	(1,003,790)	1,003,790
<b>Change in net position</b>	(8,775,019)	(12,384,066)	2,605,948	(9,739)	(7,417)	(3,013)	(8,784,758)	(12,391,483)	3,606,725
Net position, beginning, as restated	69,471,028	104,258,474	(34,787,446)	444,783	452,200	(7,417)	69,915,811	104,710,674	(34,794,863)
Net position, ending	\$ 60,696,009	\$ 91,874,408	\$ (32,181,498)	\$ 435,044	\$ 444,783	\$ (10,430)	\$ 61,131,053	\$ 92,319,191	\$ (31,188,138)

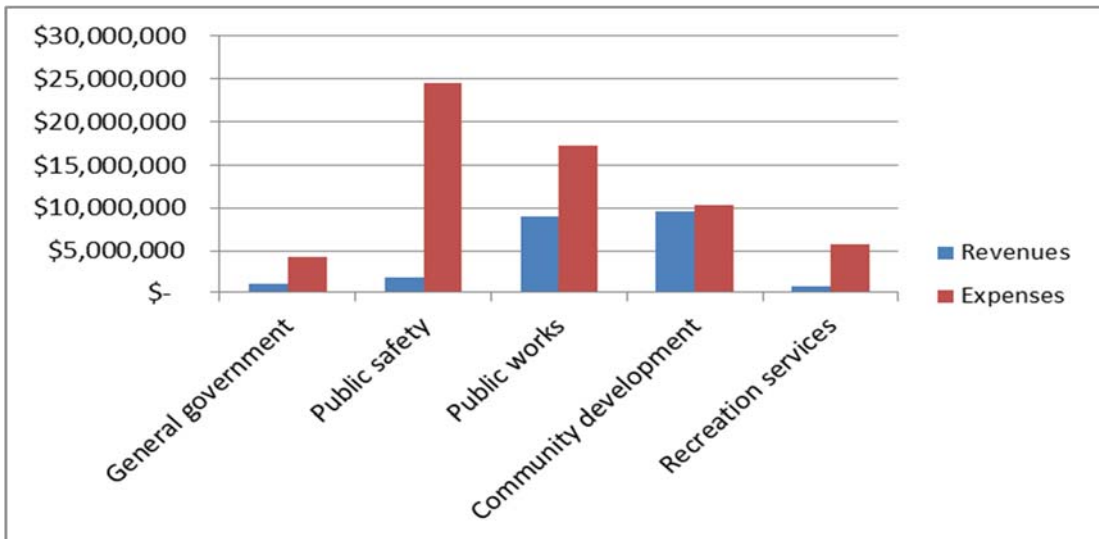
*\*For purposes of presenting the prior year information in the management discussion and analysis, the 2017 financial information has not been restated to reflect the effect of GASB 75 implementation due to lack of information.*

Key elements of both increases and decreases in fiscal year 2017-18 are as follows:

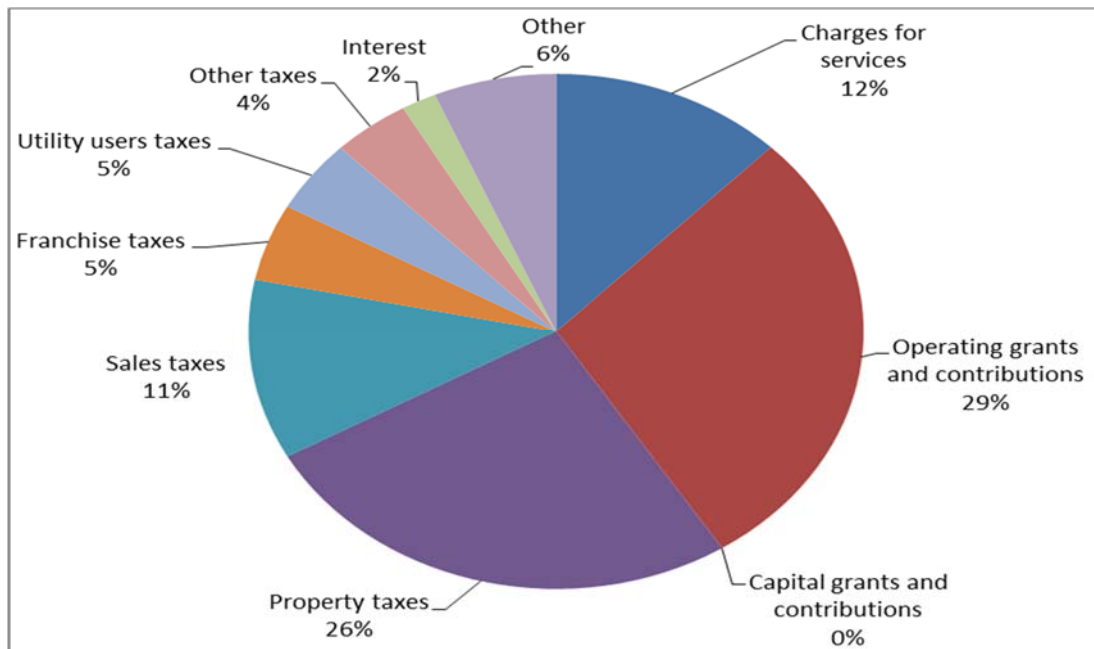
- Charges for services increased mainly due to revenue received from billboards, construction permits, facility rentals, vehicle release, law enforcement fees, and administration fees for cannabis cultivation, manufacturing, and distribution.
- Operating contributions and grants increased due to grants received for CDBG, HOME program, public safety, capital improvement, and loan repayment.
- Property taxes, sales taxes, franchise taxes, utility user's taxes, and all other taxes increased during the year. Investment income increased during the year due to better yield on investments.
- Other income increased due to gain on sale of property, public safety mitigation fees for cannabis cultivation, manufacturing, and distribution, and rebate from LED conversion program.
- The increases in General Government, Public Safety, Community Development, and Recreation Services expenses were due to the retro payment for overtime in the ruling of Flores v. City of San Gabriel case, legal and consultant fees related to the implementation of the cannabis ordinance, and additional pension expense reported as part of GASB 68 pension adjustments and OPEB expense reported under GASB 75.

- The decrease in Public Works expenses was due to the completion of citywide energy efficiency improvements and staff vacancies during the fiscal year.
- The decreases in interest expense and fiscal charges were due to the lower outstanding principal balance.

**Expenses and Program Revenues – Governmental Activities**



**Revenues by Source – Governmental Activities**



## **Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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.

The City implemented GASB Statement No. 54 in fiscal year 2010-11. It substantially altered the categories and terminology used to describe "fund balance." The new categories are as follows:

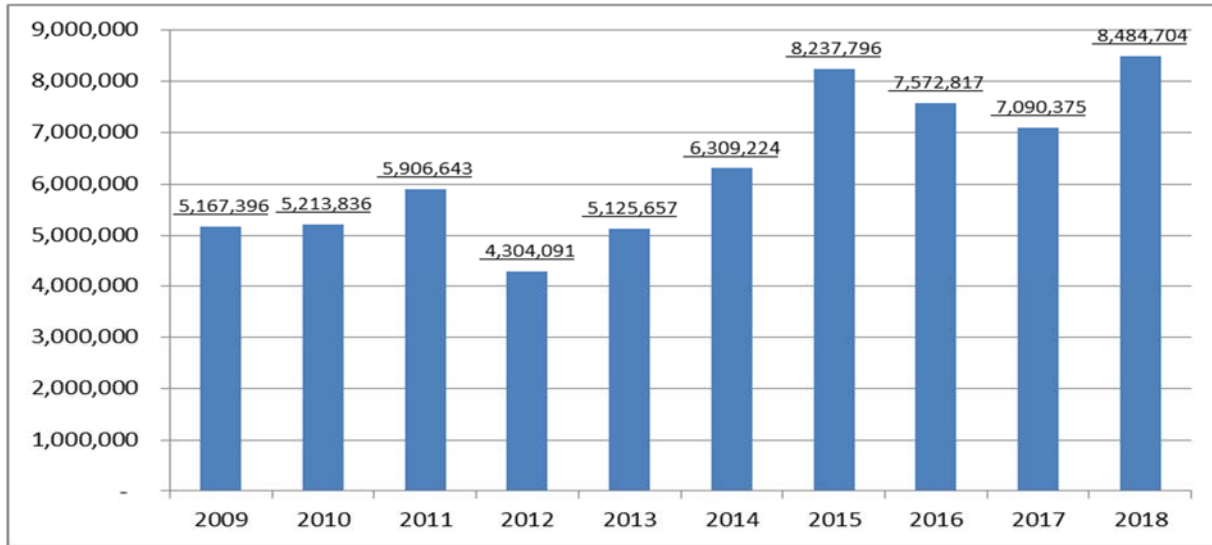
- Nonspendable fund balance (inherently nonspendable)
- Restricted fund balance (externally enforceable limitations on use)
- Committed fund balance (self-imposed limitations on use)
- Assigned fund balance (limitation resulting from intended use)
- Unassigned fund balance (residual net resources)

Unassigned fund balance previously referred to as *unreserved fund balance*, may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48.2 million. Of the total fund balance, \$14.1 million is nonspendable of which \$13.7 million is related to long-term advances to other funds, \$377 thousand is property held for resale and \$23 thousand is for prepaid expenses; \$20.0 million is restricted of which \$8.6 million is related to low and moderate income housing projects, \$11.3 million is related to special revenue funds, \$48 thousand is for debt service and \$9,655 is for capital projects; \$9.0 million is committed of which \$6.3 million is for future development and \$2.7 million for the 10% budget stabilization fund, \$740 thousand is assigned for community development, and \$4.2 million is unassigned.

### **General Fund**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance is \$29.6 million. Of this amount, \$14.1 million is nonspendable of which \$13.7 million is related to long-term advances to other funds, \$377 thousand is property held for resale and \$23 thousand is prepaid items. \$9.0 million is committed whereby \$6.3 million is for future development fund and \$2.7 million is for maintaining a ten percent minimum in reserves, \$740 thousand is assigned for community development and \$5.7 million is unassigned. The \$2.7 million and \$5.7 million make up the City's General Fund Reserve Balance of \$8.5 million as shown in the following chart.





The City's General Fund Reserve Balance increased by \$1.4 million or 20% from the prior year due to increases in property tax, sales tax, franchise tax, utility user's tax, other taxes, and better yields on investments. Other increases in revenues were from billboards, construction permits, facility rentals, vehicle release, law enforcement fees, and cannabis administration and public safety mitigation fees for cultivation, manufacturing, and distribution.

As a measure of General Fund liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. General Fund unassigned fund balance represents 18% of total general fund expenditures including transfers out of \$680 thousand. This is an increase of 3% over last year.

The Future Development Fund and Community Enhancement Fund were merged with the General Fund, thereby showing an additional \$7.0 million in the General Fund's fund balance as of June 30, 2018, because the Future Development Fund does not meet the criteria for a special revenue fund. The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for special purposes. The balance from Future Development Fund is committed for future development as approved by the City Council. Both the Future Development and Community Enhancement Fund are not reflected in the chart above.

### **Housing Authority Fund**

Housing and Urban Development (HUD) adopted a Cash Management Policy for all Housing Authorities in January 2012. The policy mandated that Housing Assistance grant payments be made on an "as needed" basis. Any excess assistance grant payments in the prior years need to be returned to HUD. The Housing Authority net fund balance decreased by \$95,503 in FY2017-18.

### Proprietary Fund

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

Enterprise Fund - Total assets of the enterprise fund were \$448,768, while total liabilities were \$13,724. This resulted in a net position of \$435,044, a decrease of \$9,739 for the fiscal year ended June 30, 2018.

Internal Service Funds The City's 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 its self-insurance activities, including liability insurance, and workers' compensation insurance, vehicle operations and maintenance, information services, and capital equipment acquisitions. As of June 30, 2018, the net position of the internal service funds had a deficit of \$3 million. The services provided by the internal service funds have been allocated to governmental functions in the government-wide financial statements based on a percentage of a department's use of the funds' services and charges.

### Capital Asset and Debt Administration

**Capital Assets** The City's investment in capital assets for its governmental activities amounts to \$99.4 million (net of accumulated depreciation of \$166.6 million) as of June 30, 2018. This investment in capital assets includes land, buildings, improvements other than building, infrastructure (roads, sidewalks, streetlights, etc.), and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was \$2.2 million after depreciation.

#### **Capital Assets (Net of Accumulated Depreciation) June 30, 2018 and 2017**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 1,576,794	\$ 1,576,793	\$ 159,644	\$ 159,644	\$ 1,736,438	\$ 1,736,437
Construction in progress	4,507,336	1,824,729	-	-	4,507,336	1,824,729
Buildings and improvements	29,243,344	29,991,813	253,869	268,376	29,497,213	30,260,189
Vehicles and equipment	3,098,925	2,828,303	-	-	3,098,925	2,828,303
Infrastructure	<u>60,929,080</u>	<u>60,932,560</u>	<u>-</u>	<u>-</u>	<u>60,929,080</u>	<u>60,932,560</u>
<b>Total</b>	<u>\$ 99,355,479</u>	<u>\$ 97,154,198</u>	<u>\$ 413,513</u>	<u>\$ 428,020</u>	<u>\$ 99,768,992</u>	<u>\$ 97,582,218</u>

Additional information on the City's capital assets can be found in note 7 to the basic financial statements of this report.

**Debt Administration** At the end of the current fiscal year, the City eliminated its bonded debt due to the retirement of the pension obligation bonds and the refunding of the lease revenue bonds. The table below presents the City's long-term debt as of June 30, 2018.

**Outstanding Debt and Obligations  
June 30, 2018 and 2017**

	2018	2017	Increase (Decrease)	
			Amount	%
Bonded Indebtedness:				
Lease revenue bonds	\$ -	\$ 7,990,000	\$ (7,990,000)	-100%
Pension obligation bonds	-	1,795,000	(1,795,000)	-100%
Other long-term debt:				
Lease agreement	7,276,000	-	7,276,000	100%
Other post-employment benefits	42,871,182	13,078,848	29,792,334	228%
Compensated absences	1,869,707	1,712,325	157,382	9%
Notes and loans payable	4,787,974	4,145,718	642,256	15%
Net pension liability	53,482,903	45,931,311	7,551,592	16%
Claims liability	8,359,481	6,403,477	1,956,004	31%
Total	\$ 118,647,247	\$ 81,056,679	\$ 37,590,568	46%

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The current limitation for the City is \$214.2 million which is significantly in excess of the City's outstanding general obligation debt. Therefore, the City is in an exceptional financial position in relation to debt and obligation. Additional information on the City's long-term liabilities can be found in note 9 to the basic financial statements of this report.

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

There was a moderate growth in revenue in FY2017-18. Total general revenue taxes increased by \$2.0 million. Charges for Services increased by 14% and Operating Contributions and Grants increased by 9%. Investment income was more than doubled from the prior year due to better yield. Other sources of income increased by over 50% mainly due to the gain on sale of property, public safety mitigation fees for cannabis, and rebates from the LED conversion program.

The City's General Fund Reserve Balance increased by \$1.4 million or 20%, from the prior year mainly due to the increase in general revenue taxes, charges for services, and other incomes. As of June 30, 2018, committed, assigned and unassigned general fund balances total \$15.5 million, representing 49% of general fund expenditures (including transfer outs).

The City continues to expect steady growth in revenues in FY2018-19. The refinancing of the 2004 Community Center Lease Revenue Bond provided an estimated savings of \$1.7 million over the next 15 years. The City will also expect additional revenue from the cannabis mitigation fees.

In fiscal year 2017-18, the following businesses joined the City's business community: Waba Grill (2<sup>nd</sup> location), Jersey Mikes, Chipotle, and Coffee Bean & Tea Leaf. The City also passed an Ordinance to allow the cultivation, manufacture, testing, and distribution of cannabis in the City. In the same fiscal year, Kaiser Permanente expanded their existing medical center by adding a two-story 60,000 square foot medical office.

In fiscal year 2018-19, the City's business community is expected to add the following businesses: Dunkin Donuts, Raising Cane's, and 7-Eleven (2 new locations). In addition, Sunstate Equipment Rental is expected to double their operations by expanding to an adjacent building.

While the City has experienced steady growth, its finances are also dependent on the local economy and legislative actions of the Federal and State governments. Another big factor that continues to affect most cities is the continued increase in the CalPERS pension cost. The City has approved issuance of a pension obligation bond to pay down the unfunded retirement pension liability, which is expected to save the City a significant amount of interest expense.

The Mayor, City Council, and City Staff will continue to work diligently in fiscal year 2018-19 to develop strategies to increase economic opportunities and new revenue streams to maintain a balanced budget and healthy level of General Fund reserves.

### **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 requests for additional financial information should be addressed to the Department of Finance, 14403 E. Pacific Avenue, Baldwin Park, CA 91706.

**City of Baldwin Park**  
**Statement of Net Position**  
**June 30, 2018**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Unrestricted cash and investments	\$ 34,362,052	\$ 34,542	\$ 34,396,594
Restricted cash and investments	14,704	-	14,704
Total cash and investments	34,376,756	34,542	34,411,298
Intergovernmental receivables	4,052,815	-	4,052,815
Property taxes receivables	478,747	-	478,747
Other receivables, net	935,967	63	936,030
Internal balances	3,763	(3,763)	-
Loans receivable	5,618,854	-	5,618,854
Long term receivables	324,814	-	324,814
Due from Successor Agency	5,466	-	5,466
Advances to Successor Agency	22,530,413	-	22,530,413
Prepays	62,742	650	63,392
Property held for resale	6,292,110	-	6,292,110
Capital assets not being depreciated			
Land	1,576,794	159,644	1,736,438
Construction-in-progress	4,507,336	-	4,507,336
Capital assets, net of accumulated depreciation			
Buildings and improvements	29,243,344	253,869	29,497,213
Vehicles and equipment	3,098,925	-	3,098,925
Infrastructure	60,929,080	-	60,929,080
<b>Total assets</b>	<b>174,037,926</b>	<b>445,005</b>	<b>174,482,931</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	11,278,960	-	11,278,960
Deferred outflows related to OPEB	824,524	-	824,524
<b>Total deferred outflows of resources</b>	<b>12,103,484</b>	<b>-</b>	<b>12,103,484</b>
<b>LIABILITIES</b>			
Accounts payable	3,461,976	5,768	3,467,744
Accrued interest	76,872	-	76,872
Accrued other liabilities	343,671	-	343,671
Deposits	299,482	2,101	301,583
Due to other governmental agencies	7,071	-	7,071
Unearned revenues	239,626	-	239,626
Long-term liabilities:			
Notes and Loans - due within one year	556,224	-	556,224
Notes and Loans - due in more than one year	4,231,750	-	4,231,750
2017 Lease Agreement - due within one year	404,000	-	404,000
2017 Lease Agreement - due in more than one year	6,872,000	-	6,872,000
Compensated absences - due within one year	1,071,683	883	1,072,566
Compensated absences - due in more than one year	798,024	1,209	799,233
Net OPEB liability	42,871,182	-	42,871,182
Net pension liability	53,482,903	-	53,482,903
Insurance claim liabilities - current portion	361,680	-	361,680
Insurance claim liabilities - long-term portion	7,997,801	-	7,997,801
<b>Total liabilities</b>	<b>123,075,945</b>	<b>9,961</b>	<b>123,085,906</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	2,369,456	-	2,369,456
<b>Total deferred inflows of resources</b>	<b>2,369,456</b>	<b>-</b>	<b>2,369,456</b>
<b>NET POSITION</b>			
Net investment in capital assets	99,355,479	413,513	99,768,992
Restricted for:			
Debt service	48,302	-	48,302
Community development	25,527,571	-	25,527,571
Public safety	954,321	-	954,321
Public works	8,737,093	-	8,737,093
Recreation services	4,176	-	4,176
Unrestricted	(73,930,933)	21,531	(73,909,402)
<b>Total net position</b>	<b>\$ 60,696,009</b>	<b>\$ 435,044</b>	<b>\$ 61,131,053</b>

The notes to the basic financial statements are an integral part of these financial statements.

**City of Baldwin Park  
Statement of Activities  
Year ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Total	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities</b>								
General government	\$ 4,289,453	\$ 1,046,886	\$ 17,314	\$ -	\$ 1,064,200	\$ (3,225,253)	\$ -	\$ (3,225,253)
Public safety	24,520,278	1,224,003	593,057	-	1,817,060	(22,703,218)	-	(22,703,218)
Public works	17,204,596	489,668	8,437,834	-	8,927,502	(8,277,094)	-	(8,277,094)
Community development	10,255,744	3,257,615	6,256,541	-	9,514,156	(741,588)	-	(741,588)
Recreation services	5,729,841	597,595	74,977	-	672,572	(5,057,269)	-	(5,057,269)
Interest and fiscal charges	505,629	-	-	-	-	(505,629)	-	(505,629)
<b>Total governmental activities</b>	<b>\$ 62,505,541</b>	<b>\$ 6,615,767</b>	<b>\$ 15,379,723</b>	<b>\$ -</b>	<b>\$ 21,995,490</b>	<b>\$ (40,510,051)</b>	<b>\$ -</b>	<b>\$ (40,510,051)</b>
<b>Business-type activities</b>								
Public housing	\$ 61,773	\$ 37,115	\$ -	\$ -	\$ 37,115	\$ -	\$ (24,658)	\$ (24,658)
<b>Total government-wide activities</b>	<b>\$ 62,567,314</b>	<b>\$ 6,652,882</b>	<b>\$ 15,379,723</b>	<b>\$ -</b>	<b>\$ 22,032,605</b>	<b>\$ (40,510,051)</b>	<b>\$ (24,658)</b>	<b>\$ (40,534,709)</b>
<b>General revenues</b>								
Taxes								
Property taxes						13,966,896	-	13,966,896
Sales taxes						6,095,478	-	6,095,478
Franchise taxes						2,596,774	-	2,596,774
Utility users taxes						2,449,027	-	2,449,027
Other taxes						2,187,416	-	2,187,416
Interest						986,292	-	986,292
Other						3,468,068	-	3,468,068
<b>Transfers in/out</b>						(14,919)	14,919	-
<b>Total general revenues and transfers</b>						<b>31,735,032</b>	<b>14,919</b>	<b>31,749,951</b>
Change in net position						(8,775,019)	(9,739)	(8,784,758)
<b>Net position - beginning, as restated</b>						<b>69,471,028</b>	<b>444,783</b>	<b>69,915,811</b>
<b>Net position - ending</b>						<b>\$ 60,696,009</b>	<b>\$ 435,044</b>	<b>\$ 61,131,053</b>

*The notes to the basic financial statements are an integral part of these financial statements.*

**City of Baldwin Park  
Balance Sheet  
Governmental Funds  
June 30, 2018**

	<u>Special Revenue</u>			<u>Debt Service</u>		Totals
	General	Housing and Community Development Grant	Housing Asset	Baldwin Park Financing Authority	Other Governmental Funds	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Assets						
Pooled cash and investments	\$ 14,385,032	\$ 142,198	\$ 2,720,288	\$ 31,778	\$ 12,258,131	\$ 29,537,427
Cash and investments with fiscal agents	-	-	-	-	14,704	14,704
Property taxes receivable	328,028	-	-	-	150,719	478,747
Intergovernmental receivables	2,019,267	125,434	-	-	1,908,114	4,052,815
Loans receivable	-	3,325,403	2,203,708	-	89,743	5,618,854
Other receivables	82,435	1,129	795,814	89	33,646	913,113
Long-term receivables	-	-	-	-	324,814	324,814
Due from other funds	124,687	4,882	-	-	-	129,569
Due from Successor Agency	5,466	-	-	-	-	5,466
Prepays	23,487	-	-	-	37,995	61,482
Property held for resale	376,800	-	5,915,310	-	-	6,292,110
Advances to Successor Agency	22,530,413	-	-	-	-	22,530,413
Total assets	<u>39,875,615</u>	<u>3,599,046</u>	<u>11,635,120</u>	<u>31,867</u>	<u>14,817,866</u>	<u>69,959,514</u>
Deferred outflows of resources						
Total assets and deferred outflows of resources	<u>\$ 39,875,615</u>	<u>\$ 3,599,046</u>	<u>\$ 11,635,120</u>	<u>\$ 31,867</u>	<u>\$ 14,817,866</u>	<u>\$ 69,959,514</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 1,182,250	\$ 8,854	\$ 110	\$ -	\$ 2,188,853	\$ 3,380,067
Accrued liabilities	256,681	-	1,394	62,574	23,021	343,670
Deposits	-	-	-	-	299,482	299,482
Due to other funds	4,410	-	-	-	2,239,234	2,243,644
Due to other governmental agencies	-	7,071	-	-	-	7,071
Unearned revenue	-	-	-	-	239,626	239,626
Total liabilities	<u>1,443,341</u>	<u>15,925</u>	<u>1,504</u>	<u>62,574</u>	<u>4,990,216</u>	<u>6,513,560</u>
Deferred inflows of resources						
Unavailable revenue	8,794,449	3,325,403	2,988,673	-	89,743	15,198,268
Total deferred inflows of resources	<u>8,794,449</u>	<u>3,325,403</u>	<u>2,988,673</u>	<u>-</u>	<u>89,743</u>	<u>15,198,268</u>
Fund balances						
Nonspendable						
Advances to other funds, net of accrued interest	13,735,964	-	-	-	-	13,735,964
Property held for resale	376,800	-	-	-	-	376,800
Prepaid items	23,487	-	-	-	-	23,487
Restricted						
Low and moderate income housing projects	-	-	8,644,943	-	-	8,644,943
Special revenue funds	-	257,718	-	-	11,112,577	11,370,295
Debt service funds	-	-	-	-	48,302	48,302
Capital projects funds	-	-	-	-	9,655	9,655
Committed						
Future development	6,276,472	-	-	-	-	6,276,472
10% budget stabilization fund	2,759,802	-	-	-	-	2,759,802
Assigned						
Community development	740,398	-	-	-	-	740,398
Unassigned						
Unassigned	5,724,902	-	-	(30,707)	(1,432,627)	4,261,568
Total fund balances	<u>29,637,825</u>	<u>257,718</u>	<u>8,644,943</u>	<u>(30,707)</u>	<u>9,737,907</u>	<u>48,247,686</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 39,875,615</u>	<u>\$ 3,599,046</u>	<u>\$ 11,635,120</u>	<u>\$ 31,867</u>	<u>\$ 14,817,866</u>	<u>\$ 69,959,514</u>

*The notes to the basic financial statements are an integral part of these financial statements.*

**City of Baldwin Park**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2018**

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

Total fund balances		\$ 48,247,686
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$ 265,734,810	
Less accumulated depreciation	<u>(166,554,148)</u>	99,180,662
Loans receivable not expected to be collected in the current period are offset by unearned revenue in the funds. They have been recognized and are in net position in the government-wide financial statements.		
		5,618,854
Accrued interest on long-term debt is not due and payable in the current period and is not reported in the funds.		
		(76,872)
Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis in the government-wide statements.		
Unearned interest income on advances for administrative expenses		9,579,414
Long-term liabilities, including bonds payable, are not due and payable in the current year period and therefore are not reported in the funds.		
Loan payable	(2,988,974)	
Notes payable	(1,799,000)	
Lease obligations	(7,276,000)	
Compensated absences	(1,869,707)	
Net OPEB liability	(42,871,182)	
Net pension liability	<u>(51,396,522)</u>	(108,201,385)
Deferred outflows are not current assets or financial resources; and deferred inflows are not due and payable in the current period and therefore not reported in the governmental funds.		
Deferred outflows of resources related to pensions	10,961,155	
Deferred inflows of resources related to pensions	(2,369,456)	
Deferred outflows of resources related to OPEB	<u>824,524</u>	9,416,223
Internal service funds are used by management to charge the costs of information systems, insurance charges and fleet services to individual funds. The assets and liabilities of internal funds are included in governmental activities in the statement of net position.		
		(3,068,573)
Net position of governmental activities		<u>\$ 60,696,009</u>

*The notes to the basic financial statements are an integral part of these financial statements.*



**City of Baldwin Park**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2018**

	<u>Special Revenue</u>			<u>Debt Service</u>		Totals
	General	Housing and Community Development Grant	Housing Asset	Baldwin Park Financing Authority	Other Governmental Funds	
<b>Revenues</b>						
Taxes	\$ 24,691,034	\$ -	\$ -	\$ -	\$ 3,117,181	\$ 27,808,215
Licenses and permits	842,666	-	-	-	23,803	866,469
Fines, forfeitures and penalties	672,890	-	-	-	42,759	715,649
Use of money and property	834,779	3,319	37,751	1,890	107,338	985,077
Intergovernmental	486,992	996,326	-	-	13,346,544	14,829,862
Charges for services	2,162,576	-	-	-	1,506,348	3,668,924
Other	1,737,979	5,507	59,547	-	2,440,953	4,243,986
<b>Total revenues</b>	<u>31,428,916</u>	<u>1,005,152</u>	<u>97,298</u>	<u>1,890</u>	<u>20,584,926</u>	<u>53,118,182</u>
<b>Expenditures</b>						
Current:						
General government	3,153,094	-	-	-	69,197	3,222,291
Public safety	21,112,430	-	-	-	403,879	21,516,309
Public works	1,448,569	-	-	-	6,543,075	7,991,644
Community development	1,496,599	576,410	255,026	-	5,613,176	7,941,211
Recreation services	3,407,173	-	-	-	1,070,105	4,477,278
Capital outlay	62,276	-	-	-	4,969,497	5,031,773
Debt service:						
Principal retirement	-	-	-	8,382,000	2,184,000	10,566,000
Interest and fiscal charges	-	-	-	557,872	134,061	691,933
<b>Total expenditures</b>	<u>30,680,141</u>	<u>576,410</u>	<u>255,026</u>	<u>8,939,872</u>	<u>20,986,990</u>	<u>61,438,439</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>748,775</u>	<u>428,742</u>	<u>(157,728)</u>	<u>(8,937,982)</u>	<u>(402,064)</u>	<u>(8,320,257)</u>
<b>Other financing sources (uses)</b>						
Proceeds from other long-term debt	1,423,256	-	-	7,276,000	-	8,699,256
Transfers in	-	-	-	915,121	589,798	1,504,919
Transfers out	(679,857)	(425,124)	-	-	(414,857)	(1,519,838)
<b>Net other financing sources (uses)</b>	<u>743,399</u>	<u>(425,124)</u>	<u>-</u>	<u>8,191,121</u>	<u>174,941</u>	<u>8,684,337</u>
<b>Net change in fund balances</b>	1,492,174	3,618	(157,728)	(746,861)	(227,123)	364,080
<b>Beginning fund balances</b>	<u>28,145,651</u>	<u>254,100</u>	<u>8,802,671</u>	<u>716,154</u>	<u>9,965,030</u>	<u>47,883,606</u>
<b>Ending fund balances</b>	<u>\$ 29,637,825</u>	<u>\$ 257,718</u>	<u>\$ 8,644,943</u>	<u>\$ (30,707)</u>	<u>\$ 9,737,907</u>	<u>\$ 48,247,686</u>

*The notes to the basic financial statements are an integral part of these financial statements.*

**City Of Baldwin Park**  
**Reconciliation of the Governmental Funds Statement of**  
**Revenues, Expenditures, and Changes in Fund Balances to the**  
**Statement of Activities**  
**Year Ended June 30, 2018**

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Net change in fund balance - governmental funds \$ 364,080

Governmental funds report capital outlay as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay, net of disposals	\$ 4,299,683	
Depreciation expense	<u>(7,101,991)</u>	(2,802,308)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Unearned interest income on advances for administrative expenses		681,355
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Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Proceeds from issuance of bonds	(7,276,000)	
Proceeds from other long-term debt	(1,423,256)	
Principal repayments of notes payable	781,000	
Principal repayments of bonds	<u>9,785,000</u>	1,866,744

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension Expense - GASB 68	(5,180,160)	
Other postemployment benefits - GASB 75	<u>(1,489,522)</u>	(6,669,682)

Repayment of long-term receivables are treated as revenue in governmental funds, but the repayment reduces the long-term receivables in the statement of net position

(54,096)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in accrued interest on long-term debt	186,304	
Compensated absences	<u>(157,382)</u>	28,922

Internal service funds are used by management to charge the costs of information systems, insurance charges and fleet services to individual funds. The net income of the internal service funds is reported with governmental activities.

(2,190,034)

Change in net position of governmental activities		<u>\$ (8,775,019)</u>
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*The notes to the basic financial statements are an integral part of these financial statements.*

**City of Baldwin Park**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Funds
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 34,542	\$ 4,824,624
Accounts receivable	63	-
Interest receivable	-	22,854
Due from other funds	-	2,132,485
Prepaid expenses	650	1,260
Total current assets	35,255	6,981,223
Noncurrent assets		
Capital assets:		
Land	159,644	-
Building & improvements	657,585	-
Equipment	38,602	4,462,718
Less accumulated depreciation	(442,318)	(4,287,901)
Net capital assets	413,513	174,817
Total noncurrent assets	413,513	174,817
<b>Total assets</b>	448,768	7,156,040
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	-	317,805
<b>Total deferred outflows of resources</b>	-	317,805
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	5,768	81,909
Due to other funds	3,763	14,647
Tenant security deposits	2,101	-
Current portion of insurance claim liabilities	-	361,680
Current portion of compensated absences	883	-
Total current liabilities	12,515	458,236
Noncurrent liabilities		
Workers' compensation liability	-	5,732,872
General insurance liability	-	2,169,929
Unemployment insurance liability	-	20,000
Disability insurance liability	-	75,000
Compensated absences	1,209	-
Net pension liability	-	2,086,381
Total noncurrent liabilities	1,209	10,084,182
<b>Total liabilities</b>	13,724	10,542,418
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	-	-
<b>Total deferred inflows of resources</b>	-	-
<b>NET POSITION</b>		
Invested in capital assets	413,513	174,817
Unrestricted	21,531	(3,243,390)
<b>Total net position (deficit)</b>	\$ 435,044	\$ (3,068,573)

*The notes to the basic financial statements are an integral part of these financial statements.*

**City of Baldwin Park**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2018**

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	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Funds
<b>Operating revenues</b>		
Charges for services	\$ -	\$ 4,490,673
Use of money and property	36,002	-
Other	1,113	-
<b>Total operating revenues</b>	<b>37,115</b>	<b>4,490,673</b>
<b>Operating expenses</b>		
Maintenance and operations	20,797	635,365
Provision for insurance claims	-	4,497,506
Depreciation	14,507	121,319
Lease and equipment purchase	-	21,800
Personnel services	26,469	1,287,363
Contractual services	-	155,395
<b>Total operating expenses</b>	<b>61,773</b>	<b>6,718,748</b>
<b>Operating loss</b>	(24,658)	(2,228,075)
<b>Nonoperating income</b>		
Interest	-	38,041
<b>Total nonoperating income</b>	-	38,041
<b>Loss before operating transfers</b>	(24,658)	(2,190,034)
<b>Transfers</b>		
Transfers in	14,919	-
<b>Change in net position</b>	(9,739)	(2,190,034)
<b>Total net position - beginning</b>	444,783	(878,539)
<b>Total net position - ending \$</b>	<b>435,044</b>	<b>\$ (3,068,573)</b>

*The notes to the basic financial statements are an integral part of these financial statements.*

**City of Baldwin Park  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2018**

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
<b>Cash flows from operating activities</b>		
Receipts from tenants, customers and users	\$ 37,083	\$ 4,490,673
Payments to suppliers	(17,943)	(800,930)
Payments to employees	(25,093)	(903,869)
Payments for insurance	-	(2,541,502)
<b>Net cash provided by (used in) operating activities</b>	<b>(5,953)</b>	<b>244,372</b>
<b>Cash flows from capital and related financing activities</b>		
Net acquisition (disposal) of equipment	-	(50,000)
<b>Net cash used in capital and related financing activities</b>	<b>-</b>	<b>(50,000)</b>
<b>Cash flows from non-capital financing activities</b>		
Transfers	14,919	-
Interfund advances	-	1,401,209
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>14,919</b>	<b>1,401,209</b>
<b>Cash flows from investing activities</b>		
Interest received	-	29,157
<b>Change in cash and cash equivalents</b>	<b>8,966</b>	<b>1,624,738</b>
<b>Beginning cash and cash equivalents</b>	<b>25,576</b>	<b>3,199,886</b>
<b>Ending cash and cash equivalents</b>	<b>\$ 34,542</b>	<b>\$ 4,824,624</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ (24,658)	\$ (2,228,075)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	14,507	121,319
(Increase) decrease in:		
Accounts receivable	(32)	-
Prepaid expenses	-	(1,260)
Deferred outflows of resources	-	249,893
Increase (decrease) in:		
Accounts payable	2,704	12,890
Accrued liabilities	(716)	(24,803)
Tenant security deposits	150	-
Insurance liabilities	-	320,818
Compensated absences	2,092	-
Net pension liability	-	1,956,004
Deferred inflows of resources	-	(162,414)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (5,953)</b>	<b>\$ 244,372</b>

*The notes to the basic financial statements are an integral part of these financial statements.*

**City of Baldwin Park  
Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2018**

	Agency Deposits Fund	Successor Agency to the Dissolved Redevelopment Agency Private-purpose Trust Fund
<b>ASSETS</b>		
Cash and investments	\$ 1,445,153	\$ 889,413
Cash and investments with fiscal agents	-	1,860,950
Other receivables, net	3,867	22,028
<b>Total assets</b>	1,449,020	2,772,391
<b>LIABILITIES</b>		
<b>Liabilities</b>		
Accounts payable	115,105	4,349
Accrued liabilities	-	111,831
Deposits	1,333,915	-
Other payables	-	54,180
Due to City	-	5,466
Advances from the City	-	22,530,413
Due to other governmental agencies	-	17,131,383
Tax allocation bonds		
Tax allocation bonds due within one year	-	1,690,000
Tax allocation bonds due in more than one year	-	9,635,000
<b>Total liabilities</b>	1,449,020	51,162,622
<b>NET POSITION (DEFICIT)</b>	\$ -	\$ (48,390,231)

*The notes to the basic financial statements are an integral part of these financial statements.*

**City of Baldwin Park  
Fiduciary Fund  
Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2018**

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	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund
<b>Additions:</b>	
Taxes	\$ 2,045,376
Sales taxes, fines, forfeitures and penalties	111,926
Other	73,846
<b>Total revenues</b>	<b>2,231,148</b>
<b>Deductions:</b>	
General government	296,726
Interest and fiscal charges	1,251,964
<b>Total expenditures</b>	<b>1,548,690</b>
<b>Change in fiduciary net position</b>	682,458
<b>Fiduciary net position at beginning of year</b>	<b>(49,072,689)</b>
<b>Fiduciary net position at end of year</b>	<b>\$ (48,390,231)</b>

*The notes to the basic financial statements are an integral part of these financial statements.*

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**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The reporting entity of the City of Baldwin Park includes the financial activities of the Baldwin Park Housing Authority and the Baldwin Park Financing Authority, as well as the City of Baldwin Park. Although these entities are legally separate from each other, they are included within the scope of the reporting entity.

The inclusion of an organization within the City of Baldwin Park reporting entity is based on the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39 and 61. These organizations are legally separate entities for which the City of Baldwin Park is financially accountable. The governing bodies of these organizations are substantially the same as the City Council and there also exists a financial benefit or burden relationship. As a result, the financial statements of the individual component units described below are blended with the City of Baldwin Park's financial statements. Separate financial statements are not prepared for the Baldwin Park Housing Authority or the Baldwin Park Financing Authority.

The City of Baldwin Park (the City), incorporated on January 25, 1956, is a general law city, which operates under a Council-Chief Executive Officer form of government. The City Council appoints the City Attorney, the Chief Executive Officer, and five department heads. Currently, the City is managed by an Executive Team. The Executive Team is composed of the Chief Executive Officer and five department heads. The City provides a broad range of services to its citizens, which include police protection, street construction and maintenance, parks and recreation, public improvements, planning and zoning, housing and community development, and general and administrative support services.

The Baldwin Park Housing Authority (the Housing Authority) was established on October 27, 1977, pursuant to the Health and Safety Code of the State of California. The Housing Authority's purpose is to oversee the administration of federally funded housing assistance programs. These programs are designed to provide affordable housing opportunities for low and moderate income residents of the cities of Baldwin Park, West Covina, Monrovia, and South El Monte.

The Baldwin Park Financing Authority (the Financing Authority) was established on April 6, 1988, between the City and the former Baldwin Park Redevelopment Agency (now called the Successor Agency to the Dissolved Baldwin Park Community Development Commission [Successor Agency]) by execution of a joint exercise of powers agreement. The Financing Authority is governed by a five-member board consisting of the City Council. The Financing Authority's purpose is to acquire, finance, construct, manage, and maintain or operate certain public capital improvements.

The Baldwin Park Charitable Relief Foundation (the Foundation) is a non-profit entity organized by the City to raise funds for use in certain programs for the children in the City. The Foundation's financial statements were not included in the reporting entity's financial statements because of insignificance of its activities and account balances.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The City's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

**Government-Wide and Fund Financial Statements**

The statement of net position and statement of activities (i.e., the government-wide financial statements) display information on all of the non-fiduciary activities of the primary government (the City) and its blended component units. Eliminations have been made to minimize the effect of interfund activity. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the City's *governmental* and *business-type activities*. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties. The City reports its enterprise fund under business-type activities in the government-wide financial statements.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each segment of the City's business-type activities. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipient of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with applicable regulations, restrictions, or limitations. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the last is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers taxes and assessments associated with the current fiscal period to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures are recorded only when payment is due.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's general operating fund. It is used to account for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than those for Capital Projects Funds) that are legally restricted to expenditures for special purposes. Major special revenue funds are:

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

*Housing and Community Development Grant Fund*      Accounts for revenues from the U.S. Department of Housing and Urban Development. These revenues must be expended to accomplish one of the following objectives: elimination of slum or blight, be of benefit to low and moderate income persons, or meet certain urgent community needs. The fund includes revenues from the BLOCK and HOME programs.

*Housing Asset*      This fund accounts for the housing assets approved by the State of California Department of Finance to remain with the City after the dissolution of the former redevelopment agency.

Debt Service Funds – The Debt Service Funds are used to account for the accumulation of resources for, and the payment of debt. Major debt service fund is:

*Baldwin Park Financing Authority Debt Service Fund*      This fund accounts for the receipt of revenues and payment of debt incurred for the City's projects.

Additionally, the City reports the following fund types:

**Governmental Funds**

Descriptions for Special Revenue Funds, Debt Service Funds, and the Capital Projects Fund can be found on pages 78 to 81.

**Proprietary Funds**

Enterprise Fund – The Enterprise Fund is used to account for a 12-unit complex occupied by elderly low-income tenants, who pay monthly rents to the City.

Internal Service Funds – The Internal Service Funds are used to account for the financing of goods or services provided by one City department to the other departments or agencies on a cost reimbursement basis. These funds account for the revenues and expenses of the City's Fleet Services, Information Services, Capital Equipment, and Internal Insurance.

**Fiduciary Funds**

Agency Deposits Fund – This fund is used to account for assets held by the City as an agent on behalf of employees, individuals, private organizations, other governments, or other funds. This fund includes resources held for seized assets, police training, donations for others, etc. The Agency Deposits Fund, which is custodial in nature, does not involve measurement of results of operations.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund – This fund is a fiduciary fund type used by the City to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the Successor Agency to the Dissolved Baldwin Park Community Development Commission, the City's former Redevelopment Agency. Unlike the limited reporting typically utilized for Agency Funds, Private-Purpose Trust Funds report a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

**Financial Statement Elements**

Cash and Investments

Investments are stated at fair value, the value at which a financial instrument could be exchanged in a current transaction between willing parties other than a forced or liquidation sale.

The City pools all nonrestricted cash for investment purposes. Interest income earned on pooled cash is allocated quarterly to the various funds based on their month-end cash balances. Interest income from restricted cash is allocated directly to the fund earning the income.

Property Taxes

The County of Los Angeles (the 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 are an enforceable lien on the property as of the preceding January 1. Property tax bills, which include assessments, are levied June 30 and are due in equal installments on November 1 and February 1 of each property tax year. The City records property tax assessment revenues upon receipt or anticipated receipt from the County. Property taxes receivable reported in the fund financial statements are not offset by unearned revenues because they are collectable within 60 days of fiscal year-end.

Receivables and Payables

Property, sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year-end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and collectable. Earned but unbilled revenue is recognized as revenue and accounts receivable in the Enterprise Fund.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation, and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances. Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation of the government-wide presentation.

Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include land, buildings, improvements, vehicles, furniture, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, sidewalks and lighting, and drainage systems), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded at historical cost or estimated cost, if historical cost is not available. Contributed assets are recorded at their estimated fair value at the time received. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The costs of normal maintenance and repairs that do not add value to the asset or materially extend lives are not capitalized.

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

Building	60 years
Machinery and equipment	3 to 20 years
Vehicles and related equipment	5 to 15 years
Roadway network	20 to 50 years
Commuter rail network	50 years
Sewer network	60 years
Storm drain network	50 years

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

It is the City's policy to capitalize all land, building, improvements, equipment, and infrastructure assets, except assets costing less than \$5,000. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related activity. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures, and changes in fund balances as proceeds from sale.

Property Held for Resale

Property held for resale is recorded at the lower of cost or fair value. A corresponding nonspendable fund balance account is recorded which indicates the asset does not represent available expendable resources.

Compensated Absences

It is the City's policy to record the liability for employees' vested earned vacation, compensatory time off, etc. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City does not provide for the vesting of sick leave; therefore, no liability has been recorded.

Self-Insurance Programs

The City has initiated self-insurance programs for long-term disability and unemployment insurance claims. In addition, the City maintains a cash reserve to provide for the per-occurrence deductible on property damage, workers' compensation, and general liability claims of \$5,000, \$500,000, and \$300,000, respectively. These activities are accounted for in the Internal Service Insurance Fund.

Operating revenues are primarily user charges to other funds and are planned to match estimated payments resulting from self-insurance programs, operating expenses, and reinsurance premiums. The fund accrues the estimated liability for claims when such amounts are reasonably determinable and where the liability is probable. Further, the fund sets up a cash reserve for these known claims as well as for the estimated liability for such claims expected to be filed for incidents that occurred as of June 30, 2018. The calculation is based on a ten-year historical trend analysis.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

The City is a member of the Independent Cities Risk Management Authority (ICRMA), a joint powers authority formed to provide liability insurance coverage for independent cities. Under the terms of the agreement with ICRMA, the City is insured for liability losses in excess of the \$300,000 Self-Insurance Retention (SIR), with a liability limit of \$1,000,000 per occurrence and workers' compensation losses in excess of the \$500,000 SIR, with a liability limit of \$5,000,000 per any one loss (see Note 15).

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, Accounting and Financial Reporting for Pensions*, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the City that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the City that is applicable to a future reporting period. The statement of net position includes an itemized listing of deferred inflows and outflows of resources the City has recognized.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types financial statements, long-term debt and other long-term obligations are recorded as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, if applicable, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred in accordance with GASB Statement No. 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.



**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Pensions

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

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

Fund Balance

The City follows GASB Statement No. 54, *Fund Balance Reporting and Government Fund-Type Definitions*. Fund balance is the difference between the assets and liabilities reported in the City's governmental funds. There are generally limitations on the purpose for which all or a portion of the resources of a governmental fund may be used. The force behind these limitations can vary significantly, depending upon their source. Consequently, the fund balance reported in the annual financial statements is categorized into five components whereby each component identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The five components of fund balance are as follows (See Note 10):

- **Nonspendable:** Resources that are 1) not in spendable form, such as inventories, prepaids, long-term receivables, or non-financial assets held for resale, or 2) required to be maintained intact, such as an endowment.
- **Restricted:** Resources that are subject to externally enforceable legal restrictions; these restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

- **Committed:** Includes amounts that can only be used for specific purposes determined by a formal action of the City Council such as a resolution or staff report approved by the City Council, the City's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned:** Resources that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed. The City Council has designated the Chief Executive Officer and the Director of Finance as the City officials to determine and define the amounts of those components of fund balance that are classified as Assigned Fund Balance.
- **Unassigned:** Within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. Within all other governmental funds, the negative residual resources in excess of what can be properly classified as nonspendable, restricted, or committed.

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by a formal action of the City Council. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific use through the same type of formal action taken to establish the commitment.

The City Council delegates the authority to assign fund balance to the Chief Executive Officer for purposes of reporting in the annual financial statements.

The City considers the restricted fund balances to have been spent when expenditures are incurred for purposes for which both unrestricted and restricted fund balance is available. The City considers unrestricted fund balances to have been spent when expenditures are incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City to reduce the committed amounts first, followed by assigned amounts, and then unassigned amounts.

In 2011, the City Council adopted a resolution establishing a minimum General Fund Reserve of ten percent of the General Fund Operating Expenditures at the adoption of the annual operating budget as budget stabilization fund to be used for emergency purposes or for fluctuations in the economy such as when there is significant fluctuation in revenues or when budgetary imbalances arise.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Stabilization amounts may be expended only when such specific circumstances exist and as approved by the City Council. Only the City Council, as the City's highest level of decision-making authority, can increase or reduce the budget stabilization fund balance for specific purposes pursuant to constraints imposed by formal actions taken or a resolution by the City Council.

Statement of Cash Flows

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash and not subject to significant changes in value from interest rate fluctuations.

The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considered all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

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 revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Implementation of New Pronouncements

During the fiscal year ended June 30, 2018, the City adopted the following new Statement of the Governmental Accounting Standards Board (GASB):

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB are also addressed in this Statement. Refer also to Notes 13 and 20.

**NOTE 2      NET POSITION/FUND BALANCES**

The governmental activities and business-type activities in the government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets – This amount consists of all capital assets, including infrastructure, net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of these assets.
- Restricted – This category presents amounts with external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This category represents the City's net position which is not restricted for any project or other purpose.

**NOTE 3      STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Expenditures in Excess of Appropriations**

Expenditures for the year ended June 30, 2018, exceeded appropriations in the following funds:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund			
Public safety	\$ 21,112,430	\$ 20,679,307	\$ (433,123)
Public works	1,448,569	198,753	(1,249,816)
Community development	1,496,599	1,201,152	(295,447)
Recreation services	3,407,173	3,376,461	(30,712)
Federal Asset Forfeiture			
Public safety	192,317	103,157	(89,160)
State Gasoline Tax			
Capital outlay	484,796	474,340	(10,456)
Federal Surface Transportation Program			
Capital outlay	31,722	-	(31,722)
Proposition A			
Public Works	152,022	146,033	(5,989)
State Asset Forfeiture			
Capital outlay	2,720	-	(2,720)
Traffic Mitigation Fees			
Capital outlay	166,896	-	(166,896)
Park Land Fees			
Recreation services	203,670	-	(203,670)
Measure R			
Capital outlay	799,130	581,402	(217,728)
Police grants			
Capital outlay	18,675	-	(18,675)
Housing Authority			
Community development	5,240,659	5,144,701	(95,958)

**Deficit Fund Balance**

The following funds have deficit fund balances or net position at June 30, 2018. Management expects to eliminate the deficits with subsequent revenue in the funds or transfers from the General Fund.

Major Governmental Funds:	
Baldwin Park Financing Authority	\$ <u>30,707</u>
Nonmajor Governmental Funds:	
Bicycle and Pedestrian Safety	2,046
Federal Surface Transportation Program	73,439
Other Grants	1,330,749
Cooperative Agreements Contributions	<u>26,393</u>
Total nonmajor governmental funds	<u>1,432,627</u>
Proprietary funds:	
Internal Service Funds	
Fleet Services	399,874
Information Services	447,037
Internal Insurance	<u>2,312,439</u>
Total internal service funds	<u>3,159,350</u>
	<u>\$ 4,622,684</u>

**City of Baldwin Park**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2018**

**NOTE 4 CASH AND INVESTMENTS**

At June 30, 2018, the City's cash and investments consist of:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Unrestricted assets				
Cash and investments	\$ 34,362,052	\$ 34,542	\$ 2,334,566	\$ 36,731,160
Restricted assets				
Cash and investments with fiscal agent	14,704	-	1,860,950	1,875,654
Total cash and Investments	<u>\$ 34,376,756</u>	<u>\$ 34,542</u>	<u>\$ 4,195,516</u>	<u>\$ 38,606,814</u>

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

Cash on hand	\$ 833
Deposits with financial institutions	5,332,135
Investments	<u>33,273,846</u>
 Total cash and investments	 <u>\$ 38,606,814</u>

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by outside fiscal agents under the provisions of bond indentures. Interest income is allocated quarterly to the various funds based on monthly balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**Investment Policy**

The City's investment policy outlines the guidelines required to be used in effectively managing the City's available cash in accordance with the California Government Code. Summarized below are the investment vehicles that are authorized and certain provisions of the policy that address interest rate risk and concentration of credit risk.

	Maturity	Maximum Allowable Investment Percentage	Maximum Percentage per Issuer
U.S. Treasury Obligations	365 days	Unlimited	N/A
U.S. Agency Securities and Instrumentalities of Government Sponsored Corporation	365 days	Unlimited	N/A
Negotiable Certificates of Deposit	365 days	30%	N/A
Time Deposits - Collateralized	365 days	Unlimited	\$ 500,000
Time Deposits - Uncollateralized	365 days	Unlimited	\$ 100,000
Banker's Acceptances	180 days	40%	
Repurchase Agreements	180 days	Unlimited	N/A
Commercial Paper Rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Investors Services, Inc.	180 days	30%	10%
Local Agency Investment Fund (LAIF)	N/A	Unlimited	\$ 40,000,000

**NOTE 4 CASH AND INVESTMENTS (CONTINUED)**

**Cash and Investments with Fiscal Agents**

The City has monies held by trustees or fiscal agents pledged to the payment or security of certain notes, bonds, and certain construction projects. Money market mutual funds may be purchased as allowed under California Government Code. Only funds holding U.S. Treasury or Agency obligations can be utilized.

**Interest Rate Risk**

Interest rate risk, as defined under GASB Statement No. 40, is the risk that changes in interest rates will adversely affect the fair value of an investment. Most of the City's investments are held in trust by the fiscal agents as required by the bond indenture. The following table summarizes the distribution of the City's investments according to maturity at June 30, 2018.

	Less than 1 year	1 -5 years	More than 5 years	Total
Local Agency Investment Fund	\$ 31,398,192	\$ -	\$ -	\$ 31,398,192
Unrestricted cash and investments	<u>31,398,192</u>	<u>-</u>	<u>-</u>	<u>31,398,192</u>
Cash and investments with fiscal agents	-	-	1,875,654	1,875,654
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>1,875,654</u>	<u>1,875,654</u>
<b>Total cash and investments</b>	<b>\$ <u>31,398,192</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>1,875,654</u></b>	<b>\$ <u>33,273,846</u></b>

**Concentration of Credit Risk**

Under GASB Statement No. 40, concentration of credit risk is the risk of loss attributable to the magnitude of the City's investment in a single issuer. The City's investment policy imposes restrictions for certain types of investments with any one issuer to 10% of the total investment pool except for the types of investments described in the investment policy table above. As of June 30, 2018, the City is in compliance with the investment policy restrictions.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. In accordance with GASB Statement No. 40, deposits are exposed to custodial credit risk if they are uninsured and either:

- a. Uncollateralized or
- b. Collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the depositor-government's name.

The California Government Code requires California banks and savings and loan associations to secure a city's deposits by pledging government securities as collateral. The market value of the 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. The City may waive collateral requirements for deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

**NOTE 4 CASH AND INVESTMENTS (CONTINUED)**

The carrying amounts of the City's cash deposits were \$5,332,135 at June 30, 2018. Bank balances before reconciling items were \$6,347,521 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institution in the City's name.

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit exposure to custodial credit risk for deposits or investments, other than the following provision applicable to deposits:

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

Credit Risk and Fair Value of Investments

Investments are exposed to custodial credit risk if they are uninsured, unregistered, and held by either:

- a. The counterparty or
- b. The counterparty's trust department or agent but not in the government's name.

The City's investments are in external investment pools and in mutual funds, which are not exposed to custodial credit risk.

Presented below is the minimum rating as required by (where applicable) the California Government Code, the City's investment policy, or debt agreement and the actual rating as reported by Standard & Poor's Corporation as of year-end for each investment type.

<u>Investment Type</u>	<u>Totals as of June 30, 2018</u>	<u>Minimum Legal Rating</u>	<u>Rating Not Available</u>	<u>Unrated</u>
Local Agency Investment Fund	\$ 31,398,192	(1)	\$ -	\$ 31,398,192
Held by bond trustee:				
Mutual Funds	<u>1,875,654</u>	(2)	<u>1,875,654</u>	<u>-</u>
<b>Total cash and investments</b>	<b>\$ <u>33,273,846</u></b>		<b>\$ <u>1,875,654</u></b>	<b>\$ <u>31,398,192</u></b>

(1) Not applicable

(2) Acceptable to the Municipal Bond Insurer



**NOTE 4 CASH AND INVESTMENTS (CONTINUED)**

Investment in State Investment Pool

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. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the portion in the investment pool approximates the amortized value of the pool shares. The City can withdraw its deposits to LAIF anytime without restriction.

Restricted Cash and Investments

The City has monies held by financial institutions, which are restricted for the payment of certain notes and bonds.

Fair Value Measurement

During the fiscal year ended June 30 2016, the City implemented GASB Statement No. 72, *Fair Value Measurement and Application*. GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices for identical assets or liabilities in active markets that government can access at the measurement date.
- Level 2 inputs are other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The following table represents the City's fair value hierarchy for its financial assets measured at fair value on a recurring basis:

Investment Type	Totals as of June 30, 2017	Level of Inputs
Local Agency Investment Fund	\$ 31,398,192	Uncategorized
Held by bond trustee:		
Mutual Funds	1,875,654	Level 2
Total cash and investments	\$ 33,273,846	

The City's investment in LAIF as of June 30, 2018 is reported at the City's pro-rata share of the amortized cost provided by LAIF. This amount approximates fair value.

**City of Baldwin Park**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2018**

**NOTE 5      LOANS RECEIVABLE AND UNAVAILABLE REVENUES**

Loans receivable and unavailable revenues at June 30, 2018, consisted of the following:

	Loans Receivable	Unavailable Revenues
General Fund	\$ 8,794,449	\$ 8,794,449
Special Revenue Funds:		
Loans receivable from Residential Rehabilitation Program	320,897	320,897
Loans receivable from HOME Program	3,004,506	3,004,506
Loans receivable from CalHOME Program	89,743	89,743
Loans receivable from Developers and First Time Home Buyer Program	2,988,673	2,988,673
<b>Total</b>	<b>\$ 15,198,268</b>	<b>\$ 15,198,268</b>

Unavailable revenues in the General Fund of \$8,794,449 pertain to interest on advances to the Successor Agency, which is not available for current operations. The other unavailable revenues pertain to long-term loans receivable related to the City's housing and community development programs, including interest receivable of \$784,965 on the loans receivable and reported in the other receivable account.

**NOTE 6      INTERFUND BALANCES**

At June 30, 2018, the City's interfund receivables and payables were as follows:

	Due from Other Funds	Due to Other Funds	Advances to Successor Agency	Advances from City
Major governmental funds				
General Fund	\$ 130,153	\$ 4,410	\$ 22,530,413	\$ -
Housing and Community Development	4,882	-	-	-
Housing Asset	-	-	-	-
<b>Total major governmental funds</b>	<b>135,035</b>	<b>4,410</b>	<b>22,530,413</b>	<b>-</b>
Nonmajor governmental funds	-	2,239,234	-	-
<b>Total governmental funds</b>	<b>135,035</b>	<b>2,243,644</b>	<b>22,530,413</b>	<b>-</b>
Proprietary funds				
Enterprise Fund	-	3,763	-	-
Internal Service Funds	2,132,485	14,647	-	-
<b>Total proprietary funds</b>	<b>2,132,485</b>	<b>18,410</b>	<b>-</b>	<b>-</b>
Fiduciary funds	-	5,466	-	22,530,413
<b>Total fiduciary funds</b>	<b>-</b>	<b>5,466</b>	<b>-</b>	<b>22,530,413</b>
<b>Total funds</b>	<b>\$ 2,267,520</b>	<b>\$ 2,267,520</b>	<b>\$ 22,530,413</b>	<b>\$ 22,530,413</b>

**NOTE 6 INTERFUND BALANCES (CONTINUED)**

**Due To and Due From Other Funds**

Amounts due to the Internal Service Funds represent short-term borrowings by the Nonmajor Funds. These balances are expected to be repaid within the next fiscal year.

**Advances to the Successor Agency**

The City has an agreement with the Baldwin Park Successor Agency (the Successor Agency) (formerly the Redevelopment Agency) providing for the advance of funds to finance improvements and operations relating to and within the project areas. The Successor Agency accrues interest on the original advances at LAIF's prevailing interest rate. At June 30, 2018, the City has advanced \$22,530,413 which includes accrued interest of \$8,794,449.

In June 2011, Assembly Bill 26 (1st extraordinary session) dissolved the former Redevelopment Agency, effective (after some litigation on the matter) February 1, 2012. As part of the dissolution process set forth in that bill and a later bill clarifying and modifying the terms of the dissolution (Assembly Bill 1484, adopted in June 2012), the existing loan from the City to the Redevelopment Agency was considered by the Department of Finance to be not enforceable. The Successor Agency to the former Redevelopment Agency has sought reconsideration by the Department of Finance as to the enforceability of the loan. In addition, the loan may be reinstated (but is not required to be) under Assembly Bill 1484 following the completion of a due diligence process being undertaken by the Successor Agency. The loan has been reinstated on the Recognized Obligation Payment Schedule and approved by the State of California, Department of Finance.

**Interfund Transfers**

Interfund transfers at June 30, 2018, are as follows:

	Transfers in	Transfers out
Major governmental funds		
General Fund	\$ -	\$ 679,857
Housing and Community Development	-	425,124
Baldwin Park Financing Authority	915,121	-
Total major governmental funds	915,121	1,104,981
Nonmajor governmental funds	589,798	414,857
<b>Total governmental funds</b>	<b>1,504,919</b>	<b>1,519,838</b>
Proprietary funds		
Enterprise Fund	14,919	-
<b>Total funds</b>	<b>\$ 1,519,838</b>	<b>\$ 1,519,838</b>

Transfers to other governmental funds were to fund the matching requirements on certain grants and capital projects and fund debt service payments.

**City of Baldwin Park**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2018**

**NOTE 7      CAPITAL ASSETS**

Capital asset activities for the year ended June 30, 2018, were as follows:

	Balance June 30, 2017 (Restated)	Additions	Deletions/ Adjustments	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 1,576,794	\$ -	\$ -	\$ 1,576,794
Construction in progress	3,976,408	1,672,538	(1,141,610)	4,507,336
Total capital assets not being depreciated	<u>5,553,202</u>	<u>1,672,538</u>	<u>(1,141,610)</u>	<u>6,084,130</u>
Capital assets being depreciated				
Buildings and improvements	44,908,164	-	-	44,908,164
Vehicles and equipment	15,937,957	1,215,682	(2,626,205)	14,527,434
Infrastructure	202,424,893	2,669,843	(416,936)	204,677,800
Total	<u>263,271,014</u>	<u>3,885,525</u>	<u>(3,043,141)</u>	<u>264,113,398</u>
Less accumulated depreciation for:				
Buildings and improvements	14,916,351	748,469	-	15,664,820
Vehicles and equipment	13,109,654	954,728	(2,635,873)	11,428,509
Infrastructure	138,569,106	5,520,112	(340,498)	143,748,720
Total	<u>166,595,111</u>	<u>7,223,309</u>	<u>(2,976,371)</u>	<u>170,842,049</u>
Net capital assets being depreciated	<u>96,675,903</u>	<u>(3,337,784)</u>	<u>(66,770)</u>	<u>93,271,349</u>
Net capital assets - governmental activities	<u>\$ 102,229,105</u>	<u>\$ (1,665,246)</u>	<u>\$ (1,208,380)</u>	<u>\$ 99,355,479</u>

**Business-type Activities**

	Balance July 1, 2017	Additions	Deletions/ Adjustments	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 159,644	\$ -	\$ -	\$ 159,644
Total	<u>159,644</u>	<u>-</u>	<u>-</u>	<u>159,644</u>
Capital assets being depreciated				
Buildings and improvements	657,585	-	-	657,585
Equipment	38,602	-	-	38,602
Total	<u>696,187</u>	<u>-</u>	<u>-</u>	<u>696,187</u>
Less accumulated depreciation for:				
Buildings and improvements	389,209	14,507	-	403,716
Equipment	38,602	-	-	38,602
Total	<u>427,811</u>	<u>14,507</u>	<u>-</u>	<u>442,318</u>
Net capital assets being depreciated	<u>268,376</u>	<u>(14,507)</u>	<u>-</u>	<u>253,869</u>
Net capital assets - governmental activities	<u>\$ 428,020</u>	<u>\$ (14,507)</u>	<u>\$ -</u>	<u>\$ 413,513</u>

**NOTE 7 CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities**

General government	\$	200,826
Public safety		148,555
Public works		6,407,453
Parks, recreation and culture		90,948
Community Development		254,208
Internal service fund		121,319
<b>Total</b>	<b>\$</b>	<b><u>7,223,309</u></b>

**Business-type Activities**

Public housing	\$	14,507
<b>Total</b>	<b>\$</b>	<b><u>14,507</u></b>

**NOTE 8 ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES**

Composition of accounts payable and other current liabilities at June 30, 2018 is as follows:

	<u>Vendors</u>	<u>Accrued Liabilities</u>	<u>Deposits</u>	<u>Total</u>
Major governmental funds				
General Fund	\$ 1,182,250	\$ 256,681	\$ -	\$ 1,438,931
Housing and Community Development Grant	8,854	-	-	8,854
Housing Assets	110	1,394	-	1,504
Baldwin Park Financing Authority	-	62,574	-	62,574
<b>Total major governmental fund</b>	<u>1,191,214</u>	<u>320,649</u>	<u>-</u>	<u>1,511,863</u>
Nonmajor governmental funds	<u>2,188,853</u>	<u>23,021</u>	<u>299,482</u>	<u>2,511,356</u>
<b>Total funds</b>	<b>\$ <u>3,380,067</u></b>	<b>\$ <u>343,670</u></b>	<b>\$ <u>299,482</u></b>	<b>\$ <u>4,023,219</u></b>

**NOTE 9 LONG-TERM LIABILITIES**

Changes in Long-Term Liabilities

Summary of changes in long-term liabilities during the year ended June 30, 2018 (\$ in thousands):

	Balance July 1, 2017	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2018	Due Within One Year
2017 Lease Agreement	\$ 9,785	\$ 7,276	\$ 9,785	\$ 7,276	\$ 404
Notes and Loans payable	4,146	1,423	781	4,788	556
Compensated absences	1,712	1,229	1,071	1,870	1,071
Net OPEB liability	40,557	3,421	1,107	42,871	-
Net pension liability	45,931	15,545	7,993	53,483	-
<b>Total</b>	<b>\$ <u>102,131</u></b>	<b>\$ <u>28,894</u></b>	<b>\$ <u>20,737</u></b>	<b>\$ <u>110,288</u></b>	<b>\$ <u>2,031</u></b>

**NOTE 9      LONG-TERM LIABILITIES (CONTINUED)**

2017 Lease Agreement

At June 30, 2018, 2017 Lease Agreement consisted of (\$ in thousands):

	Date Issued	Final Maturity	Interest Rate %	Amount Issued	Outstanding Balance
2017 Lease Agreement	December 2017	August 2032	2.58	\$ 7,276	\$ 7,276

In December 2017, the City refinanced its 2004 Lease Revenue Refunding Bonds by entering into a Lease Agreement with the Baldwin Park Municipal Financing Authority and sale and assignment of the Lease Agreement to Branch Banking and Trust Company for \$7,276,000. Of the total proceeds from sale of the Lease Agreement, \$7,160,831 was used to defease the City's 2004 Lease Revenue Refunding Bonds and \$115,169 was used to pay for the financing cost. No gain or loss was recognized from the debt defeasance.

The following are future scheduled Annual Debt Service Requirements for the 2017 Lease Agreement (\$ in thousands):

Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 404	\$ 183	\$ 587
2020	416	172	588
2021	427	161	588
2022	437	150	587
2023	446	139	585
2024-2028	2,413	511	2,924
2029-2033	2,733	180	2,913
Total	\$ 7,276	\$ 1,495	\$ 8,771

Debt Covenants and Other Requirements

The City is in compliance with all the provisions of the debt covenants and the requirements regarding arbitrage rebates.

Notes and Loans Payable

Notes and loans payable is composed of:

Section 108 Loan from the Department of Housing and Urban Development (HUD) for the City's real property acquisitions. The loan is payable annually from August 2008 through August 2021 with interest payable semi-annually with rates ranging from 5.25% to 5.46%. The loan will be repaid through future HUD entitlements.      \$ 1,799,000

**NOTE 9 LONG-TERM LIABILITIES (CONTINUED)**

The following are future scheduled Annual Debt Service Requirements for the Notes Payable (\$ in thousands):

Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 412	\$ 32	\$ 444
2020	436	25	461
2021	462	16	478
2022	489	6	495
Total	<u>\$ 1,799</u>	<u>\$ 78</u>	<u>\$ 1,877</u>

Loan from the California Energy Resources Conservation and Development Commission for the City's energy savings project.

The loan is payable semi-annually and bears interest of 1%. \$ 2,988,974

The following are future scheduled Annual Debt Service Requirements for the Loan Payable (\$ in thousands):

Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 144	\$ 29	\$ 173
2020	145	28	173
2021	146	27	173
2022	148	25	173
2023	149	24	173
2024-2028	770	96	866
2029-2033	809	56	865
2034-2037	678	15	693
Total	<u>\$ 2,989</u>	<u>\$ 300</u>	<u>\$ 3,289</u>

Compensated Absences Payable

The City's policies relating to compensated absences are described in Note 1. The outstanding balance at June 30, 2018, was \$1,869,707. The estimated amount of compensated absences due within one year is \$1,071,683. The liability for governmental activities is primarily liquidated from the General Fund while the liability for business-type activities is liquidated from the Enterprise Fund.

**City of Baldwin Park**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2018**

**NOTE 10 FUND BALANCE**

The City's fund balance consisted of the following:

	General	Special Revenue		Debt Service		Total Governmental Funds
		Housing and Community Development Grant	Housing Assets	Baldwin Park Financing Authority	Other Governmental Funds	
<b>Fund Balances:</b>						
<b>Nonspendable</b>						
Advances to other funds, net of accrued interest	\$ 13,735,964	\$ -	\$ -	\$ -	\$ -	\$ 13,735,964
Property held for resale	376,800	-	-	-	-	376,800
Prepaid items	23,487	-	-	-	-	23,487
<b>Restricted for</b>						
Housing and Community	-	257,718	8,644,943	-	-	8,902,661
Business Improvement Fees	-	-	-	-	106,262	106,262
Air Quality Improvement	-	-	-	-	264,208	264,208
Federal Asset Forfeiture	-	-	-	-	9,527	9,527
Park Maintenance District	-	-	-	-	4,176	4,176
State Gasoline Tax	-	-	-	-	454,411	454,411
Proposition A	-	-	-	-	620,562	620,562
Proposition C	-	-	-	-	2,250,303	2,250,303
Street Light and Landscape	-	-	-	-	498,169	498,169
Public Art Fees	-	-	-	-	485,350	485,350
Residential Development Tax	-	-	-	-	4	4
Integrated Waste Management	-	-	-	-	194,243	194,243
Assessment District	-	-	-	-	380,296	380,296
State Asset Forfeiture	-	-	-	-	226,352	226,352
Local Law Enforcement Block Grant	-	-	-	-	14,799	14,799
Law Enforcement Development	-	-	-	-	88,600	88,600
Economic Development Administration	-	-	-	-	524	524
Traffic Mitigation Fees	-	-	-	-	78,175	78,175
Park Land and Public Art Fees	-	-	-	-	2,144,555	2,144,555
Storm Drain NPDS	-	-	-	-	115,327	115,327
Calhome Grant	-	-	-	-	16,297	16,297
General Plan Fees	-	-	-	-	1,090,233	1,090,233
Measure R	-	-	-	-	1,030,891	1,030,891
Police Grants	-	-	-	-	234,747	234,747
Housing Authority	-	-	-	-	204,195	204,195
Measure M	-	-	-	-	272,619	272,619
SB1 Road Repair and Accountability	-	-	-	-	327,752	327,752
City Debt Service Fund	-	-	-	-	48,302	48,302
Capital Projects	-	-	-	-	9,655	9,655
<b>Committed to</b>						
Future Development	6,276,472	-	-	-	-	6,276,472
10% Budget Stabilization Fund	2,759,802	-	-	-	-	2,759,802
<b>Assigned</b>						
Community Development	740,398	-	-	-	-	740,398
<b>Unassigned</b>	<b>5,724,902</b>	<b>-</b>	<b>-</b>	<b>(30,707)</b>	<b>(1,432,627)</b>	<b>4,261,568</b>
<b>Total Fund Balances</b>	<b>\$ 29,637,825</b>	<b>\$ 257,718</b>	<b>\$ 8,644,943</b>	<b>\$ (30,707)</b>	<b>\$ 9,737,907</b>	<b>\$ 48,247,686</b>

The City's Fund Balance Policy delegates authority to the City Chief Executive Officer to assign amounts, which are neither restricted nor committed, to be used for specific purposes for annual financial statement reporting.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.



**NOTE 11      COMMITMENTS AND CONTINGENCIES**

There are various litigations and claims pending against the City, which have been considered in determining the estimated liability for self-insurance. The outcome of these cases and eventual liability to the City, if any, is unknown at this time. The City estimates that the self-insurance liability and cash reserve are adequate to cover any claims not otherwise covered by insurance.

**NOTE 12      RETIREMENT PLANS**

*General Information about the Pension Plans*

Plan Descriptions

The Plans consist of an agent, multiple-employer defined benefit pension plan, in addition to a cost-sharing, multiple-employer defined benefit pension plan administered for miscellaneous and safety employees, respectively, by the California Public Employees' Retirement System (CalPERS). A full description of the pension plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2014 Annual Actuarial Valuation Reports. The actuarial valuation reports and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

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 with statutorily reduced benefits. 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 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the California Public Employees' Retirement Law.

The Plans operate under the provisions of the California Public Employees' Retirement Law (PERL); the California Public Employees' Pension Reform Act of 2013 (PEPRA); and the regulations, procedures, and policies adopted by the CalPERS Board of Administration. The Plans' authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California State legislature and in some cases require approval by the CalPERS Board of Administration.

**NOTE 12      RETIREMENT PLANS (CONTINUED)**

The Plans' provisions and benefits in effect at June 30, 2017 (the measurement date) are summarized as follows:

	<b>CalPERS</b>			
	<b>Miscellaneous</b>		<b>Safety</b>	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2.7% @ 55	2% @ 62	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67	50	50-57
Monthly benefits , as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%	3%	2.0% to 2.7%
Required employee contribution rates	8.00%	5.50%	9.00%	11.50%
Required employer contribution rates	9.269%	9.269%	19.723%	19.723%

**Employees Covered**

At June 30, 2016, the actuarial valuation date, the following employees were covered by the benefit terms:

	<b>CalPERS</b>	
	<b>Miscellaneous</b>	<b>Safety</b>
Inactive employees or beneficiaries currently receiving benefits	237	138
Inactive employees entitled but not yet receiving benefits	454	57
Active employees	157	56
<b>Total</b>	<b>848</b>	<b>251</b>

**Contributions**

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate for the miscellaneous plan is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For public agency cost-sharing plans covered by the safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**NOTE 12 RETIREMENT PLANS (CONTINUED)**

For the years ended June 30, 2018 and 2017, the contributions recognized as part of pension expense for each Plan were as follows:

	2018		2017	
	Miscellaneous	Safety	Miscellaneous	Safety
Contributions - employer	\$ 663,184	\$ 1,425,369	\$ 1,616,453	\$ 1,286,885
Contributions - employee	532,203	720,547	686,354	638,583

*Net Pension Liability*

The City's net pension liability for the miscellaneous and safety plans 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, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

	CaIPERS	
	Miscellaneous	Safety
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	(1)	(1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality	(3)	(3)

(1) Varies by entry age and service

(2) Net of pension plan investment and administrative expenses, including inflation

(3) Derived using CaIPERS' Membership Data for all funds

**NOTE 12      RETIREMENT PLANS (CONTINUED)**

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase and mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate, 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, none of the tested plans ran out of assets. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The discount rate of 7.15% used for the June 30, 2017 measurement date is without reduction of pension plan administrative expenses and will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

**NOTE 12 RETIREMENT PLANS (CONTINUED)**

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	60.00%	1.39%
Private Equity	12.00%	0.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	<u>2.00%</u>	-0.40%	-0.90%
Total	<u>100%</u>		

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

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

*Changes in the Net Pension Liability and Proportionate Share of Net Pension Liability*

The following table shows the changes in net pension liability recognized over the measurement period for the agent, multiple-employer miscellaneous plan.

**Miscellaneous Plan**

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2016 (Measurement date)	\$ 70,983,441	\$ 51,278,475	\$ 19,704,966
Changes Recognized for the			
Service Cost	1,285,491	-	1,285,491
Interest on the Total Pension Liability	5,343,805	-	5,343,805
Differences between expected and actual experiences	285,824	-	285,824
Changes of assumptions	4,582,858	-	4,582,858
Contributions from the employer	-	1,612,907	(1,612,907)
Contributions from the employee	-	692,083	(692,083)
Net Investment Income	-	5,688,146	(5,688,146)
Benefit payments	(3,512,638)	(3,512,638)	-
Administrative Expenses	-	(75,709)	75,709
Net Changes during measurement period 2016-2017	<u>7,985,340</u>	<u>4,404,789</u>	<u>3,580,551</u>
Balance at June 30, 2017 (Measurement date)	<u>\$ 78,968,781</u>	<u>\$ 55,683,264</u>	<u>\$ 23,285,517</u>

**NOTE 12 RETIREMENT PLANS (CONTINUED)**

The following table shows the cost-sharing, multiple-employer plan's proportionate share of the net pension liability over the measurement period.

**Safety Plan**

Measurement Date	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2016	\$ 99,285,023	\$ 73,058,678	\$ 26,226,345
Balance at June 30, 2017	<u>110,071,375</u>	<u>79,873,989</u>	<u>30,197,386</u>
Net changes during 2016-2017 measurement period	<u>\$ 10,786,352</u>	<u>\$ 6,815,311</u>	<u>\$ 3,971,041</u>

Effective for measurement period 2015, CalPERS provides GASB 68 Accounting Valuation Report for the Safety pool and allocation methodology to be used by participants in the risk pool. The schedules of employer allocation include allocation ratios for the Total Pension Liability and other pension amounts and Plan Fiduciary Net Position. The Total Pension Liability and other pension amounts are allocated based on the Actuarial Accrued Liability from the most recent Actuarial Valuation Report as of June 30, 2016 used for funding purposes. The Plan Fiduciary Net Position is allocated based on the sum of the Market Value of Assets from the most recent Actuarial Valuation as of June 30, 2016 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

The City's allocation bases for the Safety Pool pension items are as follows:

	<u>Safety</u>
Total pension liability and other pension amounts	0.520560%
Plan fiduciary net position	0.526540%

**NOTE 12 RETIREMENT PLANS (CONTINUED)**

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

The following presents the net pension liability for each Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	<b>CalPERS</b>	
	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 34,428,609	\$ 45,598,251
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 23,285,517	\$ 30,197,386
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 14,194,579	\$ 17,607,949

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

For the measurement period ended June 30, 2017 (the measurement date), the City reported a pension expense of \$5,216,509 and \$3,394,011 for the Miscellaneous Plan and Safety Plan, respectively.

As of June 30, 2018, the City has deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	<b>CalPERS</b>				<b>Total</b>	
	<u>Miscellaneous</u>		<u>Safety</u>		<u>Deferred</u>	<u>Deferred</u>
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>		
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Contributions subsequent to measurement date	\$ 663,184	\$ -	\$ 1,425,369	\$ -	\$ 2,088,553	\$ -
Changes of assumptions	2,036,826	-	4,661,863	(357,671)	6,698,689	(357,671)
Difference between expected and actual experience	127,033	-	321,452	(83,811)	448,485	(83,811)
Net difference between projected and actual earnings on investments	719,896	-	1,016,469	-	1,736,365	-
Difference between actual and proportionate share in contribution	-	-	-	(1,514,366)	-	(1,514,366)
Change in Employer's Proportion	-	-	306,868	(413,608)	306,868	(413,608)
<b>Total</b>	<u>\$ 3,546,939</u>	<u>\$ -</u>	<u>\$ 7,732,021</u>	<u>\$ (2,369,456)</u>	<u>\$ 11,278,960</u>	<u>\$ (2,369,456)</u>

**NOTE 12 RETIREMENT PLANS (CONTINUED)**

These amounts above are net of deferred outflows of resources and deferred inflows of resources recognized in the 2016-17 measurement period expense. \$663,184 and \$1,425,369 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 reporting year ending June 30, 2019, of the Miscellaneous Plan and Safety Plan, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30	Amount	
	CalPERS	
	Miscellaneous	Safety
2019	\$ 2,122,607	\$ -
2020	865,076	592,740
2021	311,111	2,498,021
2022	(415,039)	1,441,206
2023	-	(594,772)
Thereafter	-	-

*Payable to the Pension Plans*

At June 30, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.

Typically, the City liquidates its pension liabilities with General Fund resources.

**NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description and Funding Policy**

The City provides postretirement health care benefits, as per the requirements of CalPERS, with which the City contracts for health care benefits, for employees who retire while employed with the City. As provided by the Public Employees' Medical and Hospital Care Act (PEMHCA), the City has been under contract with CalPERS for medical plan coverage since at least 1999. As a PEMHCA employer, the City has chosen to satisfy its retiree medical benefit commitment using an equal contribution approach, where it contributes exactly the same amount for retirees as contributed toward active employee medical plan coverage.

The benefit level varies depending upon the bargaining group that represents the employee. Employees represented by S.E.I.U. Local 347 will receive a varying flat monthly amount that has been negotiated through the meet and confer process and all other employees will receive the equivalent of the single party premium for the plan of their choice that has been negotiated through the meet and confer process.



**NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Benefits Provided**

SEIU Employees receive a capped amount (currently \$718/month) towards their medical premium.

Other employees receive an amount towards retiree-only coverage. The amount is a vested percentage based on years of service.

Participants not meeting the above requirements who remain enrolled in a City plan receive the PEMHCA minimum payment, currently \$128 per month.

Other benefit provisions apply.

**Funding Policy and Contributions**

As of June 30, 2018, the City has not established a trust or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors. The City finances these postemployment benefits on a pay-as-you-go basis. Its share of the annual premiums for these benefits are payable as they become due.

**Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

*Employees Covered Benefit Terms*

At June 30, 2017 (the valuation date), the following employees were covered by the benefit terms:

Category	Count
Active employees	230
Inactive employees or beneficiaries currently receiving benefit payments	199
Inactive employees entitled to but not yet receiving benefit payment	-

**NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Actuarial Assumptions**

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

Inflation	2.50%
Salary increases	Aggregate salary increases of 3.00%. Individual salary increases based on CalPERS.
Investment rate of return	3.50%
Healthcare cost trend rates	7.00% in the first year, trending down to 3.94% over 57 years
Mortality rates	were based on CalPERS tables

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.50%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

**Change in the Net OPEB Liability**

	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at June 30, 2016</b>	\$ 40,557,136	\$ -	\$ 40,557,136
<b>Changes for the year:</b>			
Service cost	2,021,197	-	2,021,197
Interest on the total OPEB liability	1,400,122	-	1,400,122
Benefit payments	(784,133)	-	(784,133)
Implicit rate subsidy fulfilled	(323,140)	-	(323,140)
<b>Net Changes</b>	<u>2,314,046</u>	<u>-</u>	<u>2,314,046</u>
<b>Balance at June 30, 2017 (measurement date)</b>	<u>\$ 42,871,182</u>	<u>\$ -</u>	<u>\$ 42,871,182</u>

**NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Sensitivity of the net OPEB liability to changes in the discount rate**

The following presents the City's Net OPEB liability if it were calculated using a discount rate that is 1% point lower (2.50%) or 1% point higher (4.50%) than the current rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Net OPEB liability \$	51,263,623 \$	42,871,182 \$	36,423,736

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates**

The following presents the City's Net OPEB liability if it were calculated using a healthcare cost trend rate that is 1% point lower or 1% point higher than current rate:

	1% Decrease 6.00% decreasing to 2.94%	Healthcare Cost Trend Rate 7.00 %decreasing to 3.94%	1% Increase 8.00% decreasing to 4.94%
Net OPEB liability \$	35,803,159 \$	42,871,182 \$	52,118,870

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$3,421,319. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions subsequent to measurement date	\$ 824,524	\$ -
	\$ 824,524	\$ -

**NOTE 13      OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

The \$824,524 deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting year ending June 30, 2019.

**NOTE 14      DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are under the participants control and are principally invested in demand deposits and mutual funds and are held in trust for the exclusive benefit of the participants and their beneficiaries. At June 30, 2018, the amount held by trustee for employees was \$8,411,598.

**NOTE 15      INSURANCE PROGRAM**

Self-Insurance Programs

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

The City is a member of the Independent Cities Risk Management Authority (ICRMA), a public entity risk pool, formed to enable individual cities to join together to obtain various insurance coverages as a group, coverages at an affordable cost. ICRMA has 20 member cities, and each city appoints a delegate, alternate and substitute alternate to the ICRMA Governing Board. The City's contributions reflect 3.36% of ICRMA's total budget, which is computed based on the City's self-insurance retention levels, exposure and losses. ICRMA provides coverage for its members for up to \$30,000,000 for liability claims, and statutory limits for workers' compensation claims and \$1,000,000 for employer's liability claims. Other coverages provided through ICRMA's programs include Property, Automobile Physical Damage, Crime, and Cyber Liability.

**NOTE 15      INSURANCE PROGRAM (CONTINUED)**

Changes in the balances of claims liabilities for the three years ended June 30, 2018, were as follows:

Insurance	Year Ended June 30,	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
General Liability	2018	\$ 1,130,243	\$ 2,786,378	\$ 1,651,692	\$ 2,264,929
	2017	1,212,384	383,262	465,403	1,130,243
	2016	593,876	887,466	268,958	1,212,384
Workers' Compensation	2018	5,273,234	2,495,974	1,674,656	6,094,552
	2017	5,297,815	574,880	599,461	5,273,234
	2016	6,404,118	(562,953)	543,350	5,297,815

There were no significant changes in insurance coverage as compared to last year and settlements have not exceeded coverage in any of the past three fiscal years.

Purchased Insurance

Property Insurance – The properties of the City are covered by commercial insurance purchased from independent third parties. The City is currently insured according to a schedule of covered property submitted by the City to the insurance company. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Adequacy of Protection

During the past fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

**NOTE 16      RISKS AND UNCERTAINTIES**

The City invests in various investment securities, including LAIF, which are exposed to various risks such as interest rate, market, and credit risks. Because of the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the values of investments as of June 30, 2018. The actual amount of exposure as of June 30, 2018, is not determinable.

**NOTE 17      GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS  
ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the City.

**GASB No. 83**

In November 2016, the Governmental Accounting Standards Board issued Statement No. 83 "Certain Asset Retirement Obligations". The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

**GASB No. 84**

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84 "Fiduciary Activities". The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

**GASB No. 87**

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87 "Leases". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**GASB No. 88**

In April 2018, the Governmental Accounting Standards Board issued Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

**GASB No. 89**

In June 2018, the Governmental Accounting Standards Board issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**GASB No. 90**

In August 2018, the Governmental Accounting Standards Board issued Statement No. 90 "Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61". The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

**NOTE 18      SUCCESSOR AGENCY DISCLOSURES**

The accompanying financial statements also include the Private-Purpose Trust Fund for the Successor Agency to the City's former Redevelopment Agency (Successor Agency). The City, as the Successor Agency, serves in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Redevelopment Agency. Its assets are held in trust for the benefit of the taxing entities within the former Redevelopment Agency's boundaries and as such, are not available for the use of the City.

**Long-Term Liabilities**

Summary of changes in long-term liabilities during the year ended June 30, 2018 follow:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Bonded indebtedness	\$ 17,030	\$ -	\$ 5,705	\$ 11,325	\$ 1,690
County deferral	16,846	385	100	17,131	-
	<u>\$ 33,876</u>	<u>\$ 385</u>	<u>\$ 5,805</u>	<u>\$ 28,456</u>	<u>\$ 1,690</u>

**Bonded Indebtedness**

At June 30, 2018, bonded indebtedness consisted of (\$ in thousands):

	Date Issued	Final Maturity	Interest Rate %	Amount Issued	Outstanding
<b>Tax Allocation Bonds:</b>					
Tax Allocation Refunding Bonds, Series 2017	May-17	Sep-30	2.96	\$ 12,985	\$ 11,325
Total bonded indebtedness				<u>\$ 12,985</u>	<u>\$ 11,325</u>

On May 16, 2017, the Successor Agency issued \$12,985,000 Tax Allocation Refunding Bonds, Series 2017. The proceeds of the bonds were used to refund the Baldwin Park Public Financing Authority's outstanding Revenue (Tax Allocation) Bonds, 1990 Series A (the "1990 Authority Bonds") and Sales Tax and Tax Allocation Refunding Bonds (Puente Merced Redevelopment Project), Series 2003 (the "2003 Authority Bonds"), the Baldwin Park Financing Authority's outstanding San Gabriel River Tax Allocation Bonds (Refunding and Housing Projects), Series 1998 (the "1998 Authority Bonds") and the Baldwin Park Redevelopment Agency's outstanding Merged Redevelopment Project, 2000 Tax Allocation Refunding Bonds (the "2000 Bonds"). The bonds bear interest of 2.96%, payable semi-annually until maturity date of September 1, 2030.

**NOTE 18      SUCCESSOR AGENCY DISCLOSURES (CONTINUED)**

**Sources of Debt Service**

Tax allocation bond interest and principal redemptions are to be funded by incremental tax revenues derived from the redevelopment project areas.

**Bond Covenants and Other Requirements**

The Successor Agency is in compliance with all the provisions of the bond covenants and the requirements on arbitrage rebate calculations.

**Debt Service Requirements**

The following are future scheduled Annual Debt Service Requirements:

Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 1,690	\$ 310	\$ 2,000
2020	1,755	259	2,014
2021	1,160	216	1,376
2022	1,190	181	1,371
2023	785	152	937
2024-2028	3,375	401	3,776
2029-2031	1,370	47	1,417
Total	\$ 11,325	\$ 1,567	\$ 12,892

**County Deferral**

The Successor Agency and County entered into an agreement whereby the County will defer tax increment (County Deferral) generated within the project area to meet the Successor Agency's debt service obligations. Only the County Deferrals for Sierra Vista accrue interest of 2.42%. The County Deferrals are to be repaid whenever there is an excess of property tax revenues received by the Successor Agency in excess of its bonded debt payment requirements. At June 30, 2018, the balance of the County Deferrals including interest was \$17,131,383.

**NOTE 19      SUBSEQUENT EVENTS**

On June 20, 2018, the City Council approved the issuance of 2019 Pension Obligation Bonds for \$53.7 million. As of the date of this report, the bond issuance is still subject to the judicial validation by the court.

The City has evaluated events subsequent to June 30, 2018 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 31, 2018, the date the financial statements were available to be issued. Other than noted above, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.



**NOTE 20      RESTATEMENT OF BEGINNING NET POSITION OF THE GOVERNMENTAL ACTIVITIES**

The accompanying financial statements reflect adjustments that resulted in the restatement of beginning net position of the governmental activities in the government-wide financial statements. The following schedule summarizes the effect of the restatement of the net position as of July 1, 2017:

Government-wide Financial Statements

	Governmental Activities
Net Position at July 1, 2017, as previously reported	\$ 91,874,408
Prior Period Adjustments:	
Capital assets adjustment (1)	5,074,908
Recognition of net OPEB liability under GASB Statement No.75 (2)	<u>(27,478,288)</u>
Net Position at July 1, 2017, as restated	<u>\$ 69,471,028</u>

- 1) This adjustment is to capitalize infrastructure and construction in progress not reported by the City in prior years.
  
- 2) This adjustment is to recognize the retroactive effect of implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Baldwin Park**

**Schedule Of Changes In Net Pension Liability And Related Ratios – Miscellaneous Plan**

**Last Ten Years\***

	Measurement Period			
	2013-2014	2014-2015	2015-2016	2016-2017
<b>Total Pension Liability</b>				
Service Cost	\$ 1,102,612	\$ 974,416	\$ 1,109,496	\$ 1,285,491
Interest on total pension liability	4,713,690	4,888,264	5,120,476	5,343,805
Differences between expected and actual experience	-	(433,114)	344,186	285,824
Changes of assumptions	-	(1,235,648)	-	4,582,858
Benefit payments, including refunds of employee contributions	(2,841,840)	(3,225,709)	(3,252,202)	(3,512,638)
<b>Net change in total pension liability</b>	<u>2,974,462</u>	<u>968,209</u>	<u>3,321,956</u>	<u>7,985,340</u>
<b>Total pension liability - beginning</b>	<u>63,718,814</u>	<u>66,693,276</u>	<u>67,661,485</u>	<u>70,983,441</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 66,693,276</u>	<u>\$ 67,661,485</u>	<u>\$ 70,983,441</u>	<u>\$ 78,968,781</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 891,325	\$ 1,010,130	\$ 1,262,395	\$ 1,612,907
Contributions - employer paid member contributions	700,907	752,636	775,242	692,083
Contributions - employee	99,353	-	-	-
Net investment income	7,912,332	1,181,946	306,866	5,688,146
Benefit payments	(2,841,840)	(3,225,709)	(3,252,202)	(3,512,638)
Administrative expenses	-	(58,778)	(31,824)	(75,709)
<b>Net change in plan fiduciary net position</b>	<u>6,762,077</u>	<u>(339,775)</u>	<u>(939,523)</u>	<u>4,404,789</u>
<b>Plan fiduciary net position - beginning</b>	<u>45,795,696</u>	<u>52,557,773</u>	<u>52,217,998</u>	<u>51,278,475</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 52,557,773</u>	<u>\$ 52,217,998</u>	<u>\$ 51,278,475</u>	<u>\$ 55,683,264</u>
<b>Net pension liability - ending (a)-(b)</b>	<u>\$ 14,135,503</u>	<u>\$ 15,443,487</u>	<u>\$ 19,704,966</u>	<u>\$ 23,285,517</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>78.81%</u>	<u>77.18%</u>	<u>72.24%</u>	<u>70.51%</u>
Covered - employee payroll	<u>\$ 5,563,628</u>	<u>\$ 5,852,700</u>	<u>\$ 6,763,571</u>	<u>\$ 7,077,918</u>
Net pension liability as percentage of covered-employee payroll	<u>254.07%</u>	<u>263.87%</u>	<u>291.34%</u>	<u>328.99%</u>

**Notes to Schedule:**

**Benefit changes** - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes in assumption** - In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

**City of Baldwin Park**  
**Schedule Of Plan Contributions - Miscellaneous Plan**  
**Last Ten Years\***

	Fiscal Year End			
	2015	2016	2017	2018
Actually determined contributions	\$ 1,010,130	\$ 1,262,395	\$ 1,612,907	\$ 663,184
Contributions in relation to the actuarially determined contributions	(1,010,130)	(1,262,395)	(1,612,907)	(663,184)
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered-Employee Payroll	 \$ 5,852,700	 \$ 6,763,571	 \$ 7,077,918	 \$ 6,923,829
 Contributions as a percentage of Covered-Employee Payroll	 <u>17.26%</u>	 <u>18.66%</u>	 <u>22.79%</u>	 <u>9.58%</u>
Notes to Schedule:				
Valuation date	6/30/2013	6/30/2014	6/30/2015	6/30/2016

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2014 funding valuation report.

Actuarial Cost Method	Entry age normal
Amortization method / Period	For details, see June 30, 2014 Funding Valuation Report.
Asset valuation method	Market Value of Assets. For details, see June 30, 2014 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by Entry age and Service
Payroll Growth	3.00%
Investment rate of return	7.50 Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

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

**City of Baldwin Park**  
**Schedule of the City's Proportionate Share of the**  
**Net Pension Liability And Related Ratios – Safety Plan**  
**As of the Measurement Date**  
**Last Ten Years\***

	Measurement Period			
	2013-2014	2014-2015	2015-2016	2016-2017
City's Proportion of the Fiduciary Net Position	N/A	0.520478%	0.523620%	0.520560%
City's Proportion of the Total Pension Liability	0.275300%	0.529502%	0.530100%	0.526540%
City's Proportion of the Other Pension Items	N/A	0.396436%	0.446440%	N/A
City's Proportionate Share of the Total Pension Liability	\$ 92,190,535	\$ 94,371,584	\$ 99,285,023	\$ 110,071,376
City's Proportionate Share of the Fiduciary Net Position	\$ 75,060,283	\$ 74,189,953	\$ 73,058,679	\$ 79,873,989
City's Proportionate Share of the Net Pension Liability	\$ 17,130,252	\$ 20,181,631	\$ 26,226,345	\$ 30,197,386
Covered - employee payroll <sup>(1)</sup>	\$ 5,701,386	\$ 5,713,436	\$ 6,874,715	\$ 6,874,715
City's Proportionate Share of the net pension liability as percentage of covered-employee payroll	300.46%	353.23%	381.49%	439.25%
City's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.42%	78.61%	73.58%	72.57%
City's Proportionate Share of Aggregate Employer Contributions <sup>(2)</sup>	\$ 2,125,045	\$ 1,889,766	\$ 2,524,386	\$ 2,756,455

**Notes to Schedule**

<sup>1</sup> GASB Statement Nos. 68 and 82 define covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan or the payroll on which contributions are made.

<sup>2</sup> The City's proportionate share of aggregate employer contributions may not match the actual contributions made by the employer during the measurement period.

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

**City of Baldwin Park  
Schedule Of Plan Contributions – Safety Plan  
Last Ten Years\***

	Fiscal Year End			
	2015	2016	2017	2018
Actuarially determined contributions	\$ 1,491,478	\$ 1,575,644	\$ 1,286,885	\$ 2,088,553
Contributions in relation to the actuarially determined contributions	(1,491,478)	(1,575,644)	(1,286,885)	(2,088,553)
Contribution deficiency / (excess)	\$ -	\$ -	\$ -	\$ -
 Covered-Employee Payroll	 \$ 5,701,386	 \$ 5,713,436	 \$ 6,874,715	 \$ 7,488,183
Contributions as a percentage of Covered-Employee Payroll	<u>26.16%</u>	<u>27.58%</u>	<u>18.72%</u>	<u>27.89%</u>

Notes to Schedule:

Valuation date	6/30/2013	6/30/2014	6/30/2015	6/30/2016
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The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2014 funding valuation report.

Actuarial Cost Method	Entry age normal
Amortization method / Period	For details, see June 30, 2014 Funding Valuation Report.
Asset valuation method	Market Value of Assets. For details, see June 30, 2014 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by Entry age and Service
Payroll Growth	3.00%
Investment rate of return	7.50 Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

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

**City of Baldwin Park**  
**Other Postemployment Benefits (OPEB)**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Last Ten Years\***

	Fiscal Year Ended <u>June 30, 2018 *</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 2,021,197
Interest on total OPEB liability	1,400,122
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(784,133)
Implicit rate subsidy fulfilled	<u>(323,140)</u>
<b>Net change in total OPEB liability</b>	2,314,046
<b>Total OPEB liability - beginning of year</b>	40,557,136
<b>Total OPEB liability - end of year (a)</b>	<u>\$ 42,871,182</u>
 <b>Plan Fiduciary Net Position</b>	
Net investment income	\$ -
Contributions - employer	-
Benefit payments, including refunds of employee contributions	-
Administrative expenses	-
<b>Net change in plan fiduciary net position</b>	<u>-</u>
<b>Plan fiduciary net position - beginning of year</b>	-
<b>Plan fiduciary net position - end of year (b)</b>	<u>\$ -</u>
 <b>Net OPEB liability - end of year (a)-(b)</b>	<u>\$ 42,871,182</u>
 Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>
 Covered - employee payroll	<u>\$ 13,351,723</u>
 Net OPEB liability as percentage of covered-employee payroll	<u>321.09%</u>

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

**City of Baldwin Park  
Other Postemployment Benefits (OPEB)  
Schedule of OPEB Contribution**

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The Plan is not funded. The City finances the benefits on a pay-as-you-go basis, thus, this schedule is not required.



**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget And Actual**  
**General Fund**  
**Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$ 24,325,388	\$ 24,566,982	\$ 24,691,034	\$ 124,052
Licenses and permits	593,659	733,500	842,666	109,166
Fines, forfeitures and penalties	550,000	492,000	672,890	180,890
Use of money and property	237,000	237,000	834,779	597,779
Intergovernmental	236,201	428,489	486,992	58,503
Charges for services	1,640,777	1,842,923	2,162,576	319,653
Other	35,000	1,077,340	1,737,979	660,639
<b>Total revenues</b>	<u>27,618,025</u>	<u>29,378,234</u>	<u>31,428,916</u>	<u>2,050,682</u>
<b>Expenditures</b>				
Current				
General government	2,919,194	3,276,973	3,153,094	123,879
Public safety	19,588,289	20,679,307	21,112,430	(433,123)
Public works	28,788	198,753	1,448,569	(1,249,816)
Community development	1,167,019	1,201,152	1,496,599	(295,447)
Recreation services	3,311,570	3,376,461	3,407,173	(30,712)
Capital outlay	-	84,472	62,276	22,196
<b>Total expenditures</b>	<u>27,014,860</u>	<u>28,817,118</u>	<u>30,680,141</u>	<u>(1,863,023)</u>
<b>Excess of revenues over expenditures</b>	<u>603,165</u>	<u>561,116</u>	<u>748,775</u>	<u>187,659</u>
<b>Other financing sources (uses)</b>				
Proceeds from loan payable	-	-	1,423,256	1,423,256
Transfers out	(834,608)	(834,608)	(679,857)	154,751
<b>Net other financing sources (uses)</b>	<u>(834,608)</u>	<u>(834,608)</u>	<u>743,399</u>	<u>1,578,007</u>
<b>Net change in fund balances</b>	(231,443)	(273,492)	1,492,174	1,765,666
<b>Beginning fund balance, as restated</b>	<u>28,145,651</u>	<u>28,145,651</u>	<u>28,145,651</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 27,914,208</u>	<u>\$ 27,872,159</u>	<u>\$ 29,637,825</u>	<u>\$ 1,765,666</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget And Actual**  
**Housing and Community Development Fund**  
**Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 3,319	\$ 3,319
Intergovernmental	1,967,358	1,967,358	996,326	(971,032)
Other	-	-	5,507	5,507
<b>Total revenues</b>	<u>1,967,358</u>	<u>1,967,358</u>	<u>1,005,152</u>	<u>(962,206)</u>
<b>Expenditures</b>				
Current				
Community development	1,514,150	1,533,038	576,410	956,628
<b>Total expenditures</b>	<u>1,514,150</u>	<u>1,533,038</u>	<u>576,410</u>	<u>956,628</u>
<b>Excess of revenues over expenditures</b>	453,208	434,320	428,742	(5,578)
<b>Other financing uses</b>				
Transfers out	(425,125)	(425,125)	(425,124)	(1)
<b>Net change in fund balances</b>	28,083	9,195	3,618	(5,577)
<b>Beginning fund balance</b>	254,100	254,100	254,100	-
<b>Ending fund balances</b>	<u>\$ 282,183</u>	<u>\$ 263,295</u>	<u>\$ 257,718</u>	<u>\$ (5,577)</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget And Actual**  
**Housing Asset Fund**  
**Year Ended June 30, 2018**

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	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 37,751	\$ 37,751
Other	-	-	59,547	59,547
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>97,298</u>	<u>97,298</u>
<b>Expenditures</b>				
Current				
Community development	413,514	421,906	255,026	166,880
<b>Total expenditures</b>	<u>413,514</u>	<u>421,906</u>	<u>255,026</u>	<u>166,880</u>
<b>Net change in fund balances</b>	(413,514)	(421,906)	(157,728)	264,178
<b>Beginning fund balances</b>	<u>8,802,671</u>	<u>8,802,671</u>	<u>8,802,671</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 8,389,157</u>	<u>\$ 8,380,765</u>	<u>\$ 8,644,943</u>	<u>\$ 264,178</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Debt Service Fund**  
**Baldwin Park Financing Authority**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 1,890	\$ 1,890
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>1,890</u>	<u>1,890</u>
<b>Expenditures</b>				
Debt Service				
Principal retirement	682,000	682,000	8,382,000	(7,700,000)
Interest expense and fiscal charges	395,918	395,918	557,872	(161,954)
<b>Total expenditures</b>	<u>1,077,918</u>	<u>1,077,918</u>	<u>8,939,872</u>	<u>(7,861,954)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,077,918)</u>	<u>(1,077,918)</u>	<u>(8,937,982)</u>	<u>(7,860,064)</u>
<b>Other financing sources (uses)</b>				
Proceeds from debt issuance	-	-	7,276,000	7,276,000
Transfers in	1,077,918	1,077,918	915,121	(162,797)
<b>Net other financing sources (uses)</b>	<u>1,077,918</u>	<u>1,077,918</u>	<u>8,191,121</u>	<u>7,113,203</u>
<b>Net change in fund balances</b>	-	-	(746,861)	(746,861)
<b>Beginning fund balances</b>	716,154	716,154	716,154	-
<b>Ending fund balances</b>	<u>\$ 716,154</u>	<u>\$ 716,154</u>	<u>\$ (30,707)</u>	<u>\$ (746,861)</u>

**NOTE 1      BASIS OF PRESENTATION**

Budgets for the General Fund and certain Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures are comparable to budgeted amounts.

**NOTE 2      BUDGETARY CONTROL AND ACCOUNTING**

The City of Baldwin Park (the City) budget is prepared under the direction of the Chief Executive Officer. Revenues are budgeted by source. Expenditures are budgeted by function, with sub classifications by department, cost center, object of expenditure, and project. A cost center represents a particular area of operations within a department; for example, within the Police Department there are cost centers for the Chief of Police, Patrol, Investigations, Administration, Communications, and Records. Total budgeted expenditures of each Governmental Fund may not legally exceed such fund's appropriations.

The City Council approves total budgeted appropriations and any amendments to total appropriations made during the year. This "appropriated budget" covers substantially all City expenditures, with the exception of Assessment District and Low/Moderate Income Housing Special Revenue Funds and Debt Service and Capital Projects Funds, which have legally authorized "nonappropriated budgets." Department heads are authorized to transfer budgeted amounts up to \$10,000 between cost centers and any amount which does not alter total budgeted appropriations to a cost center. The Chief Executive Officer is authorized to transfer amounts in excess of \$10,000. City Council approval is required for any overall increase in total appropriations to a fund. The legal level of budgetary control is the fund level. All appropriations lapse at year-end and are appropriated and budgeted again, if necessary. Supplemental appropriations during the year ended June 30, 2018, were not significant.

Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Such encumbrances are reappropriated into the City's budget for the next fiscal year.

Under Article XIII-B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes. If proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised rates, revised fee schedules, or other arrangements. For the fiscal year ended June 30, 2018, proceeds of taxes did not exceed allowed appropriations.

**SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUNDS**

The Special Revenue Funds account for the proceeds of specific sources that are legally restricted for expenditures related to specific purposes. Funds included are:

<b><i>Business Improvement Fees</i></b>	To account for the Parking and Business Improvement Law (Assembly Bill (AB) 1693) revenue. The revenue is collected through a City-wide Business Improvement District and used to promote local business activities.
<b><i>Air Quality Improvement</i></b>	To account for monies received from the South Coast Air Quality Management District. These monies are to be used for programs that reduce air pollution from motor vehicles.
<b><i>Federal Asset Forfeiture Fund</i></b>	To account for monies received from Federal agencies in Asset Forfeiture cases. These monies are restricted solely for law enforcement purposes.
<b><i>Park Maintenance District</i></b>	To account for revenues received from a City-wide Park Maintenance Assessment District. The District is responsible for landscaping, tree trimming, irrigation, and maintenance of parks within the City.
<b><i>State Gasoline Tax Fund</i></b>	To account for the City's share of tax revenues collected by the State on the sale of fuel for motor vehicles. The use of these funds is restricted to the construction, improvement, or maintenance of public streets.
<b><i>Bicycle and Pedestrian Safety</i></b>	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.
<b><i>Proposition A Fund</i></b>	To account for the City's share of an additional one-half percent sales tax that was approved by the electorate in November 1980 and is collected by the County of Los Angeles to finance certain transportation projects.
<b><i>Proposition C Fund</i></b>	To account for the City's share of a sales tax increase approved by Los Angeles County voters in 1990 to fund transportation projects.
<b><i>Street Light and Landscape Fund</i></b>	To account for revenues received from a City-wide Landscape Maintenance District. The District is responsible for the maintenance of streetlights and the landscaping of median islands, parkways, street trees, and City parks.

**City of Baldwin Park, California**  
**Description of Nonmajor Governmental Funds**

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<b><i>Public Art Fees</i></b>	To account for development of cultural and artistic assets, including but not limited to art work and performing arts that are financed by the development and revitalization of the City which diminishes the availability of community resources those opportunities and contributes to community urbanization.
<b><i>Residential Development Tax</i></b>	To account for fees received from developers constructing new residential units. These monies are used to help defray the cost of providing public services for the new residents.
<b><i>Integrated Waste Management Fund</i></b>	To account for revenues received from AB 939 fees. These monies are used for waste management projects.
<b><i>Summer Food Program Fund</i></b>	To account for revenues received from the U.S. Department of Agriculture (USDA), which are used to provide meals to youths.
<b><i>Federal Surface Transportation Program Fund</i></b>	To account for monies received from the Federal government to improve designated public right-of-ways.
<b><i>Proposition A Parks Fund</i></b>	To account for monies received from the County of Los Angeles to construct and improve parks.
<b><i>Assessment District Fund</i></b>	To account for the revenues collected through assessments of property owners within Assessment District 93-1. Assessment District 93-1 was formed to construct certain public improvements.
<b><i>State Asset Forfeiture Fund</i></b>	To account for monies received from State agencies in Asset Forfeiture cases. These monies are restricted solely for law enforcement purposes.
<b><i>Local Law Enforcement Block Grant Fund</i></b>	To account for monies received from the Federal government to be used for basic law enforcement purposes.
<b><i>Law Enforcement Development Fund</i></b>	To account for revenue collected to cover any additional need for basic police equipment and infrastructure to continue to provide the current level of police service required with the new development/growth.
<b><i>Economic Development Administration Grant</i></b>	To account for monies received from the Economic Development Administration to improve designated public right-of-ways.
<b><i>Traffic Mitigation Fees</i></b>	This fund was created to monitor the use of funds provided by the State of California for street and highway pavement maintenance, rehabilitation, and reconstruction of necessary associated facilities such as drainage and traffic control devices.



**City of Baldwin Park, California**  
**Description of Nonmajor Governmental Funds**

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<b><i>Park Land Fees</i></b>	May only be utilized for the acquisition of new and rehabilitation of existing community park and recreational facilities.
<b><i>Storm Drain National Pollutant Discharge System (NPDS)</i></b>	These are developer fees to be used for storm drain protection, master planning updates, and system upgrade.
<b><i>CalHOME Grant</i></b>	This fund is used to account for revenues and expenditures for grants restricted for residential rehabilitation program.
<b><i>General Plan Fees</i></b>	May be utilized toward activities that support and implement the goals and policies contained within the General Plan (i.e., Housing Element updates and Zoning Code changes). The technology portion of this fee shall only be utilized toward the purchase and ongoing maintenance of an electronic permitting system for primary use by Building, Planning, Code Enforcement, and Public Works.
<b><i>Measure R</i></b>	These are similar to local return type funds to be used for traffic relief and transportation upgrades City-wide over the next 30 years. These funds may be for projects such as pothole repairs, major street resurfacing, left-turn signals, pedestrian improvements, streetscapes, traffic signal synchronization, bikeways, and local transit services and programs.
<b><i>Other Grants</i></b>	To account for revenues and expenditures for various grants that are restricted for specific use.
<b><i>Police Grants</i></b>	To account for revenues and expenditures for police grants that are restricted for specific use.
<b><i>Housing Authority</i></b>	This fund accounts for housing assistance programs, which include the Voucher and Capital Grant Program, administered by the City's Housing Authority under the rules and regulations of the U.S. Department of Housing and Urban Development.
<b><i>Cooperative Agreements Contributions</i></b>	To account for funding Contributions from LA County for cost sharing of the Compressed Natural Gas (CNG) project and Storm Drain Improvements project with the City of Irwindale.
<b><i>Measure M</i></b>	To account for revenues and expenditures for Measure M Local Return money from LACMTA that are restricted for specific use.
<b><i>SB1 Road Repair and Accountability</i></b>	To account for revenues and expenditures for SB1 grants that are restricted for specific use.

**DEBT SERVICE FUNDS**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of debt.

***City*** This fund is used to account for the receipt of revenues and debt service payments on the City's debts.

***Pension Obligation*** This fund is used to account for the receipt of revenues and debt service payments on the pension obligation bond.

**CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

***Building Reserve*** This fund is used to account for the receipt of resources for the 2004 Community Center Lease Revenue Bonds.

**City of Baldwin Park  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals
<b>Assets</b>				
Pooled cash and investments	\$ 12,213,673	\$ 34,775	\$ 9,683	\$ 12,258,131
Cash with fiscal agent	-	14,704	-	14,704
Property taxes receivable	150,719	-	-	150,719
Intergovernmental receivables	1,908,114	-	-	1,908,114
Loans receivable	89,743	-	-	89,743
Other receivables, net	33,521	98	27	33,646
Long-term receivables	324,814	-	-	324,814
Prepays	37,995	-	-	37,995
<b>Total assets</b>	<b>\$ 14,758,579</b>	<b>\$ 49,577</b>	<b>\$ 9,710</b>	<b>\$ 14,817,866</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,188,798	\$ -	\$ 55	\$ 2,188,853
Accrued liabilities	23,021	-	-	23,021
Deposits and others	299,482	-	-	299,482
Due to other funds	2,237,959	1,275	-	2,239,234
Unearned revenue	239,626	-	-	239,626
<b>Total liabilities</b>	<b>4,988,886</b>	<b>1,275</b>	<b>55</b>	<b>4,990,216</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue	89,743	-	-	89,743
<b>Fund balances</b>				
Restricted				
Special revenue funds	11,112,577	-	-	11,112,577
Debt service funds	-	48,302	-	48,302
Capital projects funds	-	-	9,655	9,655
Unrestricted				
Unassigned	(1,432,627)	-	-	(1,432,627)
<b>Total fund balances</b>	<b>9,679,950</b>	<b>48,302</b>	<b>9,655</b>	<b>9,737,907</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 14,758,579</b>	<b>\$ 49,577</b>	<b>\$ 9,710</b>	<b>\$ 14,817,866</b>

**City of Baldwin Park**  
**Combining Statement of Revenues, Expenditures, and Changes In Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2018**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals
<b>Revenues</b>				
Taxes	\$ 3,117,181	\$ -	\$ -	\$ 3,117,181
Licenses and permits	23,803	-	-	23,803
Fines, forfeitures and penalties	42,759	-	-	42,759
Use of money and property	93,875	13,383	80	107,338
Intergovernmental	13,346,544	-	-	13,346,544
Charges for services	1,506,348	-	-	1,506,348
Other	549,561	1,891,392	-	2,440,953
<b>Total revenues</b>	<u>18,680,071</u>	<u>1,904,775</u>	<u>80</u>	<u>20,584,926</u>
<b>Expenditures</b>				
General government	69,197	-	-	69,197
Public safety	403,879	-	-	403,879
Public works	6,543,075	-	-	6,543,075
Community development	5,613,176	-	-	5,613,176
Recreation services	1,070,105	-	-	1,070,105
Capital outlay	4,969,497	-	-	4,969,497
Debt service				
Principal retirement	-	2,184,000	-	2,184,000
Interest and fiscal charges	-	134,061	-	134,061
<b>Total expenditures</b>	<u>18,668,929</u>	<u>2,318,061</u>	<u>-</u>	<u>20,986,990</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>11,142</u>	<u>(413,286)</u>	<u>80</u>	<u>(402,064)</u>
<b>Other financing sources (uses)</b>				
Transfers in	164,674	425,124	-	589,798
Transfers out	(414,857)	-	-	(414,857)
<b>Net other financing sources (uses)</b>	<u>(250,183)</u>	<u>425,124</u>	<u>-</u>	<u>174,941</u>
<b>Net change in fund balances</b>	(239,041)	11,838	80	(227,123)
<b>Beginning fund balances</b>	<u>9,918,991</u>	<u>36,464</u>	<u>9,575</u>	<u>9,965,030</u>
<b>Ending fund balances</b>	<u>\$ 9,679,950</u>	<u>\$ 48,302</u>	<u>\$ 9,655</u>	<u>\$ 9,737,907</u>

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	Business Improvement Fees	Air Quality Improvement	Federal Asset Forfeiture	Park Maintenance District
<b>Assets</b>				
Pooled cash and investments	\$ 108,477	\$ 238,808	\$ -	\$ 33,714
Property taxes receivable	-	-	-	15,964
Intergovernmental receivables	-	24,869	2,487	-
Loans receivable	-	-	-	-
Other receivables, net	827	672	45	162
Long-term receivables	-	-	-	-
Prepays	15,453	-	22,542	-
<b>Total assets</b>	<b>\$ 124,757</b>	<b>\$ 264,349</b>	<b>\$ 25,074</b>	<b>\$ 49,840</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 18,495	\$ 141	\$ 14,738	\$ 45,664
Accrued liabilities	-	-	-	-
Deposits and others	-	-	-	-
Due to other funds	-	-	809	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>18,495</b>	<b>141</b>	<b>15,547</b>	<b>45,664</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	-	-	-
<b>Fund balances</b>				
Restricted				
Special revenue funds	106,262	264,208	9,527	4,176
Unrestricted				
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>106,262</b>	<b>264,208</b>	<b>9,527</b>	<b>4,176</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 124,757</b>	<b>\$ 264,349</b>	<b>\$ 25,074</b>	<b>\$ 49,840</b>

**City of Baldwin Park  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2018**

State Gasoline Tax	Bicycle and Pedestrian Safety	Prop A Fund	Prop C Fund	Street Light and Landscape	Public Art Fees
\$ 577,674	\$ 4,552	\$ 813,457	\$ 2,352,532	\$ 521,870	\$ 484,162
-	-	-	-	69,069	-
-	-	-	-	-	-
795	97	2,319	7,499	1,808	1,188
-	-	-	-	-	-
<u>\$ 578,469</u>	<u>\$ 4,649</u>	<u>\$ 815,776</u>	<u>\$ 2,360,031</u>	<u>\$ 592,747</u>	<u>\$ 485,350</u>
\$ 123,586	\$ 6,695	\$ 195,214	\$ 109,728	\$ 94,578	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
472	-	-	-	-	-
-	-	-	-	-	-
<u>124,058</u>	<u>6,695</u>	<u>195,214</u>	<u>109,728</u>	<u>94,578</u>	<u>-</u>
-	-	-	-	-	-
454,411	-	620,562	2,250,303	498,169	485,350
-	(2,046)	-	-	-	-
<u>454,411</u>	<u>(2,046)</u>	<u>620,562</u>	<u>2,250,303</u>	<u>498,169</u>	<u>485,350</u>
<u>\$ 578,469</u>	<u>\$ 4,649</u>	<u>\$ 815,776</u>	<u>\$ 2,360,031</u>	<u>\$ 592,747</u>	<u>\$ 485,350</u>

	Residential Development Tax	Integrated Waste Management	Summer Food Program	Federal Surface Transportation Program
<b>Assets</b>				
Pooled cash and investments	\$ 4	\$ 495,415	\$ 855	\$ -
Property taxes receivable	-	-	-	-
Intergovernmental receivables	-	57,795	-	-
Loans receivable	-	-	-	-
Other receivables, net	-	1,469	-	-
Long-term receivables	-	-	-	-
Prepays	-	-	-	-
<b>Total assets</b>	<u>\$ 4</u>	<u>\$ 554,679</u>	<u>\$ 855</u>	<u>\$ -</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 60,954	\$ 855	\$ -
Accrued liabilities	-	-	-	-
Deposits and others	-	299,482	-	-
Due to other funds	-	-	-	73,439
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>360,436</u>	<u>855</u>	<u>73,439</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	-	-	-
<b>Fund balances</b>				
Restricted				
Special revenue funds	4	194,243	-	-
Unrestricted				
Unassigned	-	-	-	(73,439)
<b>Total fund balances</b>	<u>4</u>	<u>194,243</u>	<u>-</u>	<u>(73,439)</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 4</u>	<u>\$ 554,679</u>	<u>\$ 855</u>	<u>\$ -</u>



**City of Baldwin Park**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (Continued)**  
**June 30, 2018**

Prop A Parks	Assessment District	State Asset Forfeiture	Local Law Enforcement Block Grant	Law Enforcement Development
\$ -	\$ 379,226	\$ 225,863	\$ 14,757	\$ 88,473
-	-	-	-	-
-	-	-	-	-
-	1,070	766	42	127
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 380,296</u>	<u>\$ 226,629</u>	<u>\$ 14,799</u>	<u>\$ 88,600</u>
\$ -	\$ -	\$ 277	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	277	-	-
-	-	-	-	-
-	-	-	-	-
-	380,296	226,352	14,799	88,600
-	-	-	-	-
<u>-</u>	<u>380,296</u>	<u>226,352</u>	<u>14,799</u>	<u>88,600</u>
<u>\$ -</u>	<u>\$ 380,296</u>	<u>\$ 226,629</u>	<u>\$ 14,799</u>	<u>\$ 88,600</u>

	Economic Development Administration Grant	Traffic Mitigation Fees	Park Land Fees	Storm Drain NPDS	CalHome Grant
<b>Assets</b>					
Pooled cash and investments	\$ 524	\$ 79,227	\$ 2,148,209	\$ 115,125	\$ 16,251
Property taxes receivable	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-
Loans receivable	-	-	-	-	89,743
Other receivables, net	-	228	5,716	202	46
Long-term receivables	-	-	-	-	-
Prepays	-	-	-	-	-
<b>Total assets</b>	<b>\$ 524</b>	<b>\$ 79,455</b>	<b>\$ 2,153,925</b>	<b>\$ 115,327</b>	<b>\$ 106,040</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 1,280	\$ 9,370	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Deposits and others	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,280</b>	<b>9,370</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	-	-	-	-	89,743
<b>Fund balances</b>					
Restricted					
Special revenue funds	524	78,175	2,144,555	115,327	16,297
Unrestricted					
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>524</b>	<b>78,175</b>	<b>2,144,555</b>	<b>115,327</b>	<b>16,297</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 524</b>	<b>\$ 79,455</b>	<b>\$ 2,153,925</b>	<b>\$ 115,327</b>	<b>\$ 106,040</b>

**City of Baldwin Park  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
June 30, 2018**

General Plan Fees	Measure R	Other Grants	Police Grants	Housing Authority	Cooperative Agreements Contributions	Measure M	SB1 Road Repair and Accountability	Totals
\$ 1,136,653	\$ 1,202,383	\$ -	\$ 383,458	\$ 250,372	\$ -	\$ 278,140	\$ 263,492	\$ 12,213,673
-	-	-	-	-	-	-	65,686	150,719
-	-	1,765,059	43,050	14,854	-	-	-	1,908,114
-	-	-	-	-	-	-	-	89,743
3,184	3,764	-	670	-	-	301	524	33,521
-	-	-	-	324,814	-	-	-	324,814
-	-	-	-	-	-	-	-	37,995
<u>\$ 1,139,837</u>	<u>\$ 1,206,147</u>	<u>\$ 1,765,059</u>	<u>\$ 427,178</u>	<u>\$ 590,040</u>	<u>\$ -</u>	<u>\$ 278,441</u>	<u>\$ 329,702</u>	<u>\$ 14,758,579</u>
\$ 49,604	\$ 175,256	\$ 1,095,802	\$ -	\$ 178,789	\$ -	\$ 5,822	\$ 1,950	\$ 2,188,798
-	-	-	-	23,021	-	-	-	23,021
-	-	-	-	-	-	-	-	299,482
-	-	1,952,811	-	184,035	26,393	-	-	2,237,959
		47,195	192,431	-	-	-	-	239,626
<u>49,604</u>	<u>175,256</u>	<u>3,095,808</u>	<u>192,431</u>	<u>385,845</u>	<u>26,393</u>	<u>5,822</u>	<u>1,950</u>	<u>4,988,886</u>
-	-	-	-	-	-	-	-	89,743
1,090,233	1,030,891	-	234,747	204,195	-	272,619	327,752	11,112,577
-	-	(1,330,749)	-	-	(26,393)	-	-	(1,432,627)
<u>1,090,233</u>	<u>1,030,891</u>	<u>(1,330,749)</u>	<u>234,747</u>	<u>204,195</u>	<u>(26,393)</u>	<u>272,619</u>	<u>327,752</u>	<u>9,679,950</u>
<u>\$ 1,139,837</u>	<u>\$ 1,206,147</u>	<u>\$ 1,765,059</u>	<u>\$ 427,178</u>	<u>\$ 590,040</u>	<u>\$ -</u>	<u>\$ 278,441</u>	<u>\$ 329,702</u>	<u>\$ 14,758,579</u>

	Business Improvement Fees	Air Quality Improvement	Federal Asset Forfeiture	Park Maintenance District
<b>Revenues</b>				
Taxes	\$ 131,825	\$ -	\$ -	\$ 719,930
Licenses and permits	-	-	-	-
Fines, forfeitures and penalties	-	-	21,074	-
Use of money and property	884	2,219	655	168
Intergovernmental	-	96,874	-	-
Charges for services	-	-	-	-
Other	-	-	54,977	-
<b>Total revenues</b>	<u>132,709</u>	<u>99,093</u>	<u>76,706</u>	<u>720,098</u>
<b>Expenditures</b>				
General government	-	-	-	-
Public safety	-	-	192,317	-
Public works	-	4,901	2,822	-
Community development	218,324	1,520	-	-
Recreation services	-	-	-	715,922
Capital outlay	-	135,109	60,950	-
<b>Total expenditures</b>	<u>218,324</u>	<u>141,530</u>	<u>256,089</u>	<u>715,922</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(85,615)</u>	<u>(42,437)</u>	<u>(179,383)</u>	<u>4,176</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(85,615)	(42,437)	(179,383)	4,176
<b>Beginning fund balances</b>	191,877	306,645	188,910	-
<b>Ending fund balances</b>	<u>\$ 106,262</u>	<u>\$ 264,208</u>	<u>\$ 9,527</u>	<u>\$ 4,176</u>

**City of Baldwin Park**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2018**

State Gasoline Tax	Bicycle and Pedestrian Safety	Prop A Fund	Prop C Fund	Street Light and Landscape	Public Art Fees
\$ -	\$ -	\$ -	\$ -	\$ 1,883,807	\$ -
-	-	23,803	-	-	-
-	-	-	-	-	-
2,292	528	6,323	24,449	2,811	8,295
1,724,408	-	1,525,845	1,152,551	-	-
-	-	-	-	-	-
-	-	126,473	-	-	132,572
<u>1,726,700</u>	<u>528</u>	<u>1,682,444</u>	<u>1,177,000</u>	<u>1,886,618</u>	<u>140,867</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,303,249	-	1,366,747	1,007,129	1,393,440	-
-	-	-	-	-	-
-	-	132,448	-	-	-
484,796	106,141	6,000	1,064,668	-	-
<u>1,788,045</u>	<u>106,141</u>	<u>1,505,195</u>	<u>2,071,797</u>	<u>1,393,440</u>	<u>-</u>
<u>(61,345)</u>	<u>(105,613)</u>	<u>177,249</u>	<u>(894,797)</u>	<u>493,178</u>	<u>140,867</u>
-	-	-	-	-	-
(399,938)	-	-	-	-	-
<u>(399,938)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(461,283)	(105,613)	177,249	(894,797)	493,178	140,867
915,694	103,567	443,313	3,145,100	4,991	344,483
<u>\$ 454,411</u>	<u>\$ (2,046)</u>	<u>\$ 620,562</u>	<u>\$ 2,250,303</u>	<u>\$ 498,169</u>	<u>\$ 485,350</u>

	Residential Development Tax	Integrated Waste Management	Summer Food Program
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines, forfeitures and penalties	-	-	-
Use of money and property	-	3,726	-
Intergovernmental	-	287,566	-
Charges for services	-	27,091	-
Other	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>318,383</u>	<u>-</u>
<b>Expenditures</b>			
General government	-	-	-
Public safety	-	-	-
Public works	-	291,922	-
Community development	-	-	-
Recreation services	-	-	12,652
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>291,922</u>	<u>12,652</u>
	<u>-</u>	<u>26,461</u>	<u>(12,652)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	12,652
Transfers out	-	-	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>12,652</u>
<b>Net change in fund balances</b>	-	26,461	-
<b>Beginning fund balances</b>	<u>4</u>	<u>167,782</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 4</u>	<u>\$ 194,243</u>	<u>\$ -</u>

**City of Baldwin Park**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds (Continued)**  
**For the Year Ended June 30, 2018**

Surface Transportation Program	Prop A Parks	Assessment District	State Asset Forfeiture	Local Law Enforcement Block Grant	Law Enforcement Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,172	2,341	124	164
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	84,998
<u>-</u>	<u>-</u>	<u>3,172</u>	<u>2,341</u>	<u>124</u>	<u>85,162</u>
-	-	-	-	-	-
-	-	-	76,112	-	-
-	152,022	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,722	-	-	2,720	-	-
<u>31,722</u>	<u>152,022</u>	<u>-</u>	<u>78,832</u>	<u>-</u>	<u>-</u>
<u>(31,722)</u>	<u>(152,022)</u>	<u>3,172</u>	<u>(76,491)</u>	<u>124</u>	<u>85,162</u>
-	152,022	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>152,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(31,722)	-	3,172	(76,491)	124	85,162
(41,717)	-	377,124	302,843	14,675	3,438
<u>\$ (73,439)</u>	<u>\$ -</u>	<u>\$ 380,296</u>	<u>\$ 226,352</u>	<u>\$ 14,799</u>	<u>\$ 88,600</u>

	Development Administration Grant	Traffic Mitigation Fees	Park Land Fees	Storm Drain NPDS	CalHome Grant
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines, forfeitures and penalties	-	21,685	-	-	-
Use of money and property	6	936	7,933	342	135
Intergovernmental	-	-	-	-	-
Charges for services	-	-	1,047,533	171,624	-
Other	-	-	-	-	-
<b>Total revenues</b>	<u>6</u>	<u>22,621</u>	<u>1,055,466</u>	<u>171,966</u>	<u>135</u>
<b>Expenditures</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	17,721	2,452	94,778	-
Community development	-	-	-	-	-
Recreation services	-	-	203,670	-	-
Capital outlay	-	166,896	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>184,617</u>	<u>206,122</u>	<u>94,778</u>	<u>-</u>
	<u>6</u>	<u>(161,996)</u>	<u>849,344</u>	<u>77,188</u>	<u>135</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	6	(161,996)	849,344	77,188	135
<b>Beginning fund balances</b>	518	240,171	1,295,211	38,139	16,162
<b>Ending fund balances</b>	<u>\$ 524</u>	<u>\$ 78,175</u>	<u>\$ 2,144,555</u>	<u>\$ 115,327</u>	<u>\$ 16,297</u>



**City of Baldwin Park  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds (Continued)  
For the Year Ended June 30, 2018**

General Plan Fees	Measure R	Other Grants	Police Grant	Housing Authority	Cooperative Agreements Contributions	Measure M	SB1 Road Repair and Accountability	Totals
\$ -	\$ -	\$ -	\$ 33,420	\$ -	\$ -	\$ -	\$ 348,199	\$ 3,117,181
-	-	-	-	-	-	-	-	23,803
-	-	-	-	-	-	-	-	42,759
9,035	11,731	182	1,397	2,779	-	618	630	93,875
-	866,113	1,797,961	74,275	5,036,055	-	784,896	-	13,346,544
215,500	-	-	44,600	-	-	-	-	1,506,348
-	-	29,300	-	121,241	-	-	-	549,561
<u>224,535</u>	<u>877,844</u>	<u>1,827,443</u>	<u>153,692</u>	<u>5,160,075</u>	<u>-</u>	<u>785,514</u>	<u>348,829</u>	<u>18,680,071</u>
-	-	29,300	-	-	-	39,897	-	69,197
-	-	-	135,450	-	-	-	-	403,879
-	728,408	99,927	-	-	-	77,557	-	6,543,075
152,673	-	-	-	5,240,659	-	-	-	5,613,176
-	-	5,413	-	-	-	-	-	1,070,105
-	799,130	1,649,779	18,675	-	26,393	395,441	21,077	4,969,497
<u>152,673</u>	<u>1,527,538</u>	<u>1,784,419</u>	<u>154,125</u>	<u>5,240,659</u>	<u>26,393</u>	<u>512,895</u>	<u>21,077</u>	<u>18,668,929</u>
<u>71,862</u>	<u>(649,694)</u>	<u>43,024</u>	<u>(433)</u>	<u>(80,584)</u>	<u>(26,393)</u>	<u>272,619</u>	<u>327,752</u>	<u>11,142</u>
-	-	-	-	-	-	-	-	164,674
-	-	-	-	(14,919)	-	-	-	(414,857)
-	-	-	-	(14,919)	-	-	-	(250,183)
71,862	(649,694)	43,024	(433)	(95,503)	(26,393)	272,619	327,752	(239,041)
1,018,371	1,680,585	(1,373,773)	235,180	299,698	-	-	-	9,918,991
<u>\$ 1,090,233</u>	<u>\$ 1,030,891</u>	<u>\$ (1,330,749)</u>	<u>\$ 234,747</u>	<u>\$ 204,195</u>	<u>\$ (26,393)</u>	<u>\$ 272,619</u>	<u>\$ 327,752</u>	<u>\$ 9,679,950</u>

**City of Baldwin Park**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2018**

	<u>Pension Obligation</u>	<u>City</u>	<u>Totals</u>
<b>Assets</b>			
Pooled cash and investments	\$ -	\$ 34,775	\$ 34,775
Cash with fiscal agent	14,704	-	14,704
Other receivables, net	-	98	98
<b>Total assets</b>	<u>\$ 14,704</u>	<u>\$ 34,873</u>	<u>\$ 49,577</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Due to other funds	\$ 1,275	\$ -	\$ 1,275
<b>Total liabilities</b>	<u>1,275</u>	<u>-</u>	<u>1,275</u>
<b>Fund balances</b>			
Restricted			
Debt service funds	13,429	34,873	48,302
<b>Total fund balances</b>	<u>13,429</u>	<u>34,873</u>	<u>48,302</u>
<b>Total liabilities and fund balances</b>	<u>\$ 14,704</u>	<u>\$ 34,873</u>	<u>\$ 49,577</u>

**City of Baldwin Park**  
**Combining Statement of Revenues, Expenditures, and Changes In Fund Balances**  
**Nonmajor Debt Service Funds**  
**Year Ended June 30, 2018**

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	Pension Obligation	City	Totals
<b>Revenues</b>			
Use of money and property	\$ 13,092	\$ 291	\$ 13,383
Other	1,891,392	-	1,891,392
<b>Total revenues</b>	1,904,484	291	1,904,775
<b>Expenditures</b>			
Debt Service			
Principal retirement	1,795,000	389,000	2,184,000
Interest and fiscal charges	97,937	36,124	134,061
<b>Total expenditures</b>	1,892,937	425,124	2,318,061
<b>Excess (deficiency) of revenues over expenditures</b>	11,547	(424,833)	(413,286)
<b>Other financing sources (uses)</b>			
Transfers in	-	425,124	425,124
Transfers out	-	-	-
<b>Net other financing sources (uses)</b>	-	425,124	425,124
<b>Net change in fund balances</b>	11,547	291	11,838
<b>Beginning fund balances</b>	1,882	34,582	36,464
<b>Ending fund balances</b>	\$ 13,429	\$ 34,873	\$ 48,302

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Business Improvement Fees**  
**Year Ended June 30, 2018**

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	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$ 125,000	\$ 125,000	\$ 131,825	\$ 6,825
Use of money and property	600	600	884	284
<b>Total revenues</b>	<u>125,600</u>	<u>125,600</u>	<u>132,709</u>	<u>7,109</u>
 <b>Expenditures</b>				
Current				
Community development	181,782	220,735	218,324	2,411
<b>Total expenditures</b>	<u>181,782</u>	<u>220,735</u>	<u>218,324</u>	<u>2,411</u>
 <b>Net change in fund balances</b>	(56,182)	(95,135)	(85,615)	9,520
 <b>Beginning fund balances</b>	191,877	191,877	191,877	-
<b>Ending fund balances</b>	<u>\$ 135,695</u>	<u>\$ 96,742</u>	<u>\$ 106,262</u>	<u>\$ 9,520</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Air Quality Improvement**  
**Year Ended June 30, 2018**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget- Positive (Negative)
<b>Revenues</b>				
Use of money and property	\$ 1,000	\$ 1,000	\$ 2,219	\$ 1,219
Intergovernmental	96,900	96,900	96,874	(26)
<b>Total revenues</b>	<u>97,900</u>	<u>97,900</u>	<u>99,093</u>	<u>1,193</u>
<b>Expenditures</b>				
Current				
Public works	-	188,000	4,901	183,099
Community development	5,000	5,000	1,520	3,480
Capital outlay	-	183,000	135,109	47,891
<b>Total expenditures</b>	<u>5,000</u>	<u>376,000</u>	<u>141,530</u>	<u>234,470</u>
<b>Net change in fund balances</b>	92,900	(278,100)	(42,437)	235,663
<b>Beginning fund balances</b>	306,645	306,645	306,645	-
<b>Ending fund balances</b>	<u>\$ 399,545</u>	<u>\$ 28,545</u>	<u>\$ 264,208</u>	<u>\$ 235,663</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Federal Asset Forfeiture**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, forfeitures and penalties	\$ 150,000	\$ 150,000	\$ 21,074	\$ (128,926)
Use of money and property	3,000	3,000	655	(2,345)
Other	-	-	54,977	54,977
<b>Total revenues</b>	<u>153,000</u>	<u>153,000</u>	<u>76,706</u>	<u>(76,294)</u>
<b>Expenditures</b>				
Current				
Public safety	-	103,157	192,317	(89,160)
Public works	-	75,000	2,822	72,178
Capital outlay	-	60,950	60,950	-
<b>Total expenditures</b>	<u>-</u>	<u>239,107</u>	<u>256,089</u>	<u>(16,982)</u>
<b>Net change in fund balances</b>	153,000	(86,107)	(179,383)	(93,276)
<b>Beginning fund balances</b>	188,910	188,910	188,910	-
<b>Ending fund balances</b>	<u>\$ 341,910</u>	<u>\$ 102,803</u>	<u>\$ 9,527</u>	<u>\$ (93,276)</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Park Maintenance District**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 717,086	\$ 717,086	\$ 719,930	\$ 2,844
Use of money and property	-	-	168	168
<b>Total revenues</b>	<u>717,086</u>	<u>717,086</u>	<u>720,098</u>	<u>3,012</u>
<b>Expenditures</b>				
Current				
Recreation services	772,648	772,040	715,922	56,118
<b>Total expenditures</b>	<u>772,648</u>	<u>772,040</u>	<u>715,922</u>	<u>56,118</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(55,562)</u>	<u>(54,954)</u>	<u>4,176</u>	<u>59,130</u>
<b>Other financing sources (uses)</b>				
Transfers in	55,562	55,562	-	(55,562)
<b>Net change in fund balances</b>	-	608	4,176	3,568
<b>Beginning fund balances</b>	-	-	-	-
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ 608</u>	<u>\$ 4,176</u>	<u>\$ 3,568</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**State Gasoline Tax**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 6,000	\$ 6,000	\$ 2,292	\$ (3,708)
Intergovernmental	1,692,000	1,692,000	1,724,408	32,408
<b>Total revenues</b>	<u>1,698,000</u>	<u>1,698,000</u>	<u>1,726,700</u>	<u>28,700</u>
<b>Expenditures</b>				
Current				
Public works	1,637,591	1,807,439	1,303,249	504,190
Capital outlay	-	474,340	484,796	(10,456)
<b>Total expenditures</b>	<u>1,637,591</u>	<u>2,281,779</u>	<u>1,788,045</u>	<u>493,734</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>60,409</u>	<u>(583,779)</u>	<u>(61,345)</u>	<u>522,434</u>
<b>Other financing sources (uses)</b>				
Transfers out	<u>(399,938)</u>	<u>(399,938)</u>	<u>(399,938)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(339,529)</u>	<u>(983,717)</u>	<u>(461,283)</u>	<u>522,434</u>
<b>Beginning fund balances</b>	<u>915,694</u>	<u>915,694</u>	<u>915,694</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 576,166</u>	<u>\$ (68,023)</u>	<u>\$ 454,411</u>	<u>\$ 522,434</u>



**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Bicycle and Pedestrian Safety**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 500	\$ 500	\$ 528	\$ 28
Intergovernmental	50,165	50,165	-	(50,165)
<b>Total revenues</b>	<u>50,665</u>	<u>50,665</u>	<u>528</u>	<u>(50,137)</u>
 <b>Expenditures</b>				
Capital outlay	-	168,000	106,141	61,859
<b>Total expenditures</b>	<u>-</u>	<u>168,000</u>	<u>106,141</u>	<u>61,859</u>
 <b>Net change in fund balances</b>	50,665	(117,335)	(105,613)	11,722
 <b>Beginning fund balances</b>	<u>103,567</u>	<u>103,567</u>	<u>103,567</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 154,232</u>	<u>\$ (13,768)</u>	<u>\$ (2,046)</u>	<u>\$ 11,722</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Prop A Fund**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 44,000	\$ 44,000	\$ 23,803	\$ (20,197)
Use of money and property	1,500	1,500	6,323	4,823
Intergovernmental	1,390,026	1,390,026	1,525,845	135,819
Other	149,019	149,019	126,473	(22,546)
<b>Total revenues</b>	<u>1,584,545</u>	<u>1,584,545</u>	<u>1,682,444</u>	<u>97,899</u>
<b>Expenditures</b>				
Current				
Public works	1,535,813	1,586,481	1,366,747	219,734
Recreation services	146,731	147,125	132,448	14,677
Capital outlay	-	200,000	6,000	194,000
<b>Total expenditures</b>	<u>1,682,544</u>	<u>1,933,606</u>	<u>1,505,195</u>	<u>428,411</u>
<b>Net change in fund balances</b>	(97,999)	(349,061)	177,249	526,310
<b>Beginning fund balances</b>	443,313	443,313	443,313	-
<b>Ending fund balances</b>	<u>\$ 345,314</u>	<u>\$ 94,252</u>	<u>\$ 620,562</u>	<u>\$ 526,310</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Prop C Fund**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 6,000	\$ 6,000	\$ 24,449	\$ 18,449
Intergovernmental	1,152,990	1,152,990	1,152,551	(439)
<b>Total revenues</b>	<u>1,158,990</u>	<u>1,158,990</u>	<u>1,177,000</u>	<u>18,010</u>
<b>Expenditures</b>				
Current				
Public works	804,692	1,560,947	1,007,129	553,819
Capital outlay	2,000	2,460,593	1,064,668	1,395,925
<b>Total expenditures</b>	<u>806,692</u>	<u>4,021,540</u>	<u>2,071,797</u>	<u>1,949,743</u>
<b>Net change in fund balances</b>	352,298	(2,862,550)	(894,797)	1,967,753
<b>Beginning fund balances</b>	<u>3,145,100</u>	<u>3,145,100</u>	<u>3,145,100</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 3,497,398</u>	<u>\$ 282,550</u>	<u>\$ 2,250,303</u>	<u>\$ 1,967,753</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Street Light and Landscape**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,786,000	\$ 1,786,000	\$ 1,883,807	\$ 97,807
Other	2,000	2,000	2,811	811
<b>Total revenues</b>	<u>1,788,000</u>	<u>1,788,000</u>	<u>1,886,618</u>	<u>98,618</u>
 <b>Expenditures</b>				
Current				
Public works	1,527,451	1,546,710	1,393,440	153,270
Capital outlay	-	3,538	-	3,538
<b>Total expenditures</b>	<u>1,527,451</u>	<u>1,550,248</u>	<u>1,393,440</u>	<u>156,808</u>
 <b>Net change in fund balances</b>	260,549	237,752	493,178	255,426
 <b>Beginning fund balances</b>	4,991	4,991	4,991	-
<b>Ending fund balances</b>	<u>\$ 265,540</u>	<u>\$ 242,743</u>	<u>\$ 498,169</u>	<u>\$ 255,426</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Public Art Fees**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 8,295	\$ 8,295
Other	95,000	95,000	132,572	37,572
<b>Total revenues</b>	<u>95,000</u>	<u>95,000</u>	<u>140,867</u>	<u>45,867</u>
<b>Expenditures</b>				
Current				
Public works	-	550,000	-	550,000
<b>Total expenditures</b>	<u>-</u>	<u>550,000</u>	<u>-</u>	<u>550,000</u>
<b>Net change in fund balances</b>	95,000	(455,000)	140,867	595,867
<b>Beginning fund balances</b>	344,483	344,483	344,483	-
<b>Ending fund balances</b>	<u>\$ 439,483</u>	<u>\$ (110,517)</u>	<u>\$ 485,350</u>	<u>\$ 595,867</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Residential Development Tax**  
**Year Ended June 30, 2018**

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		<u>Budgeted Amounts</u>			Variance with
		<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget-
					Positive
					(Negative)
					(Negative)
<b>Revenues</b>					
	<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>					
	<b>Total expenditures</b>	-	-	-	-
	<b>Excess (deficiency) of revenues over expenditures</b>	-	-	-	-
	<b>Net change in fund balances</b>	-	-	-	-
	<b>Beginning fund balances</b>	-	-	4	4
	<b>Ending fund balances</b>	\$ -	\$ -	\$ 4	\$ 4

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Integrated Waste Management**  
**Year Ended June 30, 2018**

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	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Use of money and property	\$ 1,100	\$ 1,100	\$ 3,726	\$ 2,626
Intergovernmental	341,000	341,000	287,566	(53,434)
Charges for services	7,600	7,600	27,091	19,491
<b>Total revenues</b>	<u>349,700</u>	<u>349,700</u>	<u>318,383</u>	<u>(31,317)</u>
 <b>Expenditures</b>				
Current				
Public works	342,682	349,868	291,922	57,946
<b>Total expenditures</b>	<u>342,682</u>	<u>349,868</u>	<u>291,922</u>	<u>57,946</u>
 <b>Net change in fund balances</b>	7,018	(168)	26,461	26,629
 <b>Beginning fund balances</b>	167,782	167,782	167,782	-
<b>Ending fund balances</b>	<u>\$ 174,800</u>	<u>\$ 167,614</u>	<u>\$ 194,243</u>	<u>\$ 26,629</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Summer Food Program**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Current				
Recreation services	24,690	24,690	12,652	12,038
<b>Total expenditures</b>	<u>24,690</u>	<u>24,690</u>	<u>12,652</u>	<u>12,038</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(24,690)</u>	<u>(24,690)</u>	<u>(12,652)</u>	<u>12,038</u>
<b>Other financing sources (uses)</b>				
Transfers in	24,690	24,690	12,652	(12,038)
<b>Net change in fund balances</b>	-	-	-	-
<b>Beginning fund balances</b>	-	-	-	-
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Federal Surface Transportation Program**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,200	\$ 1,200	\$ -	\$ (1,200)
<b>Total revenues</b>	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>(1,200)</u>
<b>Expenditures</b>				
Current				
Public works	-	1,138,000	-	1,138,000
Capital outlay	-	-	31,722	(31,722)
<b>Total expenditures</b>	<u>-</u>	<u>1,138,000</u>	<u>31,722</u>	<u>1,106,278</u>
<b>Net change in fund balances</b>	1,200	(1,136,800)	(31,722)	1,105,078
<b>Beginning fund balances</b>	<u>(41,717)</u>	<u>(41,717)</u>	<u>(41,717)</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ (40,517)</u>	<u>\$ (1,178,517)</u>	<u>\$ (73,439)</u>	<u>\$ 1,105,078</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Prop A Parks**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 64,300	\$ 64,300	\$ -	\$ (64,300)
Use of money and property	60	60	-	(60)
<b>Total revenues</b>	<u>64,360</u>	<u>64,360</u>	<u>-</u>	<u>(64,360)</u>
<b>Expenditures</b>				
Current				
Public works	140,736	146,033	152,022	(5,989)
<b>Total expenditures</b>	<u>140,736</u>	<u>146,033</u>	<u>152,022</u>	<u>(5,989)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(76,376)</u>	<u>(81,673)</u>	<u>(152,022)</u>	<u>(70,349)</u>
<b>Other financing sources (uses)</b>				
Transfers in	76,376	76,376	152,022	75,646
<b>Net change in fund balances</b>	-	(5,297)	-	5,297
<b>Beginning fund balances</b>	-	-	-	-
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ (5,297)</u>	<u>\$ -</u>	<u>\$ 5,297</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Assessment District**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 800	\$ 800	\$ 3,172	\$ 2,372
Intergovernmental	11,630	11,630	-	(11,630)
<b>Total revenues</b>	<u>12,430</u>	<u>12,430</u>	<u>3,172</u>	<u>(9,258)</u>
<b>Expenditures</b>				
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	12,430	12,430	3,172	(9,258)
<b>Beginning fund balances</b>	<u>377,124</u>	<u>377,124</u>	<u>377,124</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 389,554</u>	<u>\$ 389,554</u>	<u>\$ 380,296</u>	<u>\$ (9,258)</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**State Asset Forfeiture**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 600	\$ 600	\$ 2,341	\$ 1,741
Intergovernmental	3,000	3,000	-	(3,000)
<b>Total revenues</b>	<u>3,600</u>	<u>3,600</u>	<u>2,341</u>	<u>(1,259)</u>
<b>Expenditures</b>				
Current				
Public safety	-	200,000	76,112	123,888
Capital outlay	-	-	2,720	(2,720)
<b>Total expenditures</b>	<u>-</u>	<u>200,000</u>	<u>78,832</u>	<u>121,168</u>
<b>Net change in fund balances</b>	3,600	(196,400)	(76,491)	119,909
<b>Beginning fund balances</b>	<u>302,843</u>	<u>302,843</u>	<u>302,843</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 306,443</u>	<u>\$ 106,443</u>	<u>\$ 226,352</u>	<u>\$ 119,909</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Local Law Enforcement Block Grant**  
**Year Ended June 30, 2018**

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		<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
	Use of money and property	\$ 100	\$ 100	\$ 124	\$ 24
	<b>Total revenues</b>	<u>100</u>	<u>100</u>	<u>124</u>	<u>24</u>
<b>Expenditures</b>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
	<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Net change in fund balances</b>	100	100	124	24
	<b>Beginning fund balances</b>	<u>14,675</u>	<u>14,675</u>	<u>14,675</u>	<u>-</u>
	<b>Ending fund balances</b>	<u>\$ 14,775</u>	<u>\$ 14,775</u>	<u>\$ 14,799</u>	<u>\$ 24</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Law Enforcement Development**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 164	\$ 164
Other	-	-	84,998	84,998
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>85,162</u>	<u>85,162</u>
<b>Expenditures</b>				
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	85,162	85,162
<b>Beginning fund balances</b>	3,438	3,438	3,438	-
<b>Ending fund balances</b>	<u>\$ 3,438</u>	<u>\$ 3,438</u>	<u>\$ 88,600</u>	<u>\$ 85,162</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Economic Development Administration Grant**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
Revenues	Original	Final		
Use of money and property	\$ -	\$ -	\$ 6	\$ 6
<b>Total revenues</b>	-	-	6	6
<b>Expenditures</b>				
<b>Total expenditures</b>	-	-	-	-
<b>Net change in fund balances</b>	-	-	6	6
<b>Beginning fund balances</b>	518	518	518	-
<b>Ending fund balances</b>	\$ 518	\$ 518	\$ 524	\$ 6

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Traffic Mitigation Fees**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, forfeitures and penalties	\$ 1,000	\$ 1,000	\$ 21,685	20,685
Use of money and property	9,000	9,000	936	(8,064)
<b>Total revenues</b>	<u>10,000</u>	<u>10,000</u>	<u>22,621</u>	<u>12,621</u>
<b>Expenditures</b>				
Current				
Public works	-	231,357	17,721	213,636
Capital outlay	-	-	166,896	(166,896)
<b>Total expenditures</b>	<u>-</u>	<u>231,357</u>	<u>184,617</u>	<u>46,740</u>
<b>Net change in fund balances</b>	10,000	(221,357)	(161,996)	59,361
<b>Beginning fund balances</b>	240,171	240,171	240,171	-
<b>Ending fund balances</b>	<u>\$ 250,171</u>	<u>\$ 18,814</u>	<u>\$ 78,175</u>	<u>\$ 59,361</u>



**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Park Land Fees**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 1,800	\$ 1,800	\$ 7,933	\$ 6,133
Charges for services	300,000	300,000	1,047,533	747,533
<b>Total revenues</b>	<u>301,800</u>	<u>301,800</u>	<u>1,055,466</u>	<u>753,666</u>
<b>Expenditures</b>				
Current				
Public works	-	-	2,452	2,452
Recreation services	-	-	203,670	(203,670)
Capital outlay	-	931,000	-	931,000
<b>Total expenditures</b>	<u>-</u>	<u>931,000</u>	<u>206,122</u>	<u>724,878</u>
<b>Net change in fund balances</b>	301,800	(629,200)	849,344	1,478,544
<b>Beginning fund balances</b>	1,295,211	1,295,211	1,295,211	-
<b>Ending fund balances</b>	<u>\$ 1,597,011</u>	<u>\$ 666,011</u>	<u>\$ 2,144,555</u>	<u>\$ 1,478,544</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Storm Drain NPDS**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 100	\$ 100	\$ 342	\$ 242
Charges for services	90,000	90,000	171,624	81,624
<b>Total revenues</b>	<u>90,100</u>	<u>90,100</u>	<u>171,966</u>	<u>81,866</u>
 <b>Expenditures</b>				
Current				
Public works	95,000	95,000	94,778	222
<b>Total expenditures</b>	<u>95,000</u>	<u>95,000</u>	<u>94,778</u>	<u>222</u>
 <b>Net change in fund balances</b>	(4,900)	(4,900)	77,188	82,088
 <b>Beginning fund balances</b>	38,139	38,139	38,139	-
<b>Ending fund balances</b>	<u>\$ 33,239</u>	<u>\$ 33,239</u>	<u>\$ 115,327</u>	<u>\$ 82,088</u>

**City of Baldwin Park**  
**Combining Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Cal Home Grant**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 30	\$ 30	\$ 135	\$ 105
Other	300	300	-	(300)
<b>Total revenues</b>	<u>330</u>	<u>330</u>	<u>135</u>	<u>(195)</u>
<b>Expenditures</b>				
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	330	330	135	(195)
<b>Beginning fund balances</b>	16,162	16,162	16,162	-
<b>Ending fund balances</b>	<u>\$ 16,492</u>	<u>\$ 16,492</u>	<u>\$ 16,297</u>	<u>\$ (195)</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**General Plan Fees**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 1,200	\$ 1,200	\$ 9,035	\$ 7,835
Charges for services	112,000	112,000	215,500	103,500
<b>Total revenues</b>	<u>113,200</u>	<u>113,200</u>	<u>224,535</u>	<u>111,335</u>
<b>Expenditures</b>				
Current				
Community development	101,741	227,634	152,673	74,961
<b>Total expenditures</b>	<u>101,741</u>	<u>227,634</u>	<u>152,673</u>	<u>74,961</u>
<b>Net change in fund balances</b>	11,459	(114,434)	71,862	186,296
<b>Beginning fund balances</b>	<u>1,018,371</u>	<u>1,018,371</u>	<u>1,018,371</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 1,029,830</u>	<u>\$ 903,937</u>	<u>\$ 1,090,233</u>	<u>\$ 186,296</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Measure R**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 2,600	\$ 2,600	\$ 11,731	\$ 9,131
Intergovernmental	864,760	864,760	866,113	1,353
<b>Total revenues</b>	<u>867,360</u>	<u>867,360</u>	<u>877,844</u>	<u>10,484</u>
<b>Expenditures</b>				
Current				
Public works	689,091	1,759,403	728,408	1,030,995
Community development	-	3,315	-	3,315
Capital outlay	-	581,402	799,130	(217,728)
<b>Total expenditures</b>	<u>689,091</u>	<u>2,344,120</u>	<u>1,527,538</u>	<u>816,582</u>
<b>Net change in fund balances</b>	178,269	(1,476,760)	(649,694)	827,066
<b>Beginning fund balances</b>	<u>1,680,585</u>	<u>1,680,585</u>	<u>1,680,585</u>	-
<b>Ending fund balances</b>	<u>\$ 1,858,854</u>	<u>\$ 203,825</u>	<u>\$ 1,030,891</u>	<u>\$ 827,066</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Other Grants**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 182	182
Intergovernmental	50,000	50,000	1,797,961	\$ 1,747,961
Other	30,000	30,000	29,300	(700)
<b>Total revenues</b>	<u>80,000</u>	<u>80,000</u>	<u>1,827,443</u>	<u>1,747,443</u>
<b>Expenditures</b>				
Current				
General government	30,000	30,000	29,300	700
Public works	-	1,964,789	99,927	1,864,862
Recreation services	-	6,326	5,413	913
Capital outlay	-	5,494,253	1,649,779	3,844,474
<b>Total expenditures</b>	<u>30,000</u>	<u>7,495,368</u>	<u>1,784,419</u>	<u>5,710,949</u>
<b>Net change in fund balances</b>	50,000	(7,415,368)	43,024	7,458,392
<b>Beginning fund balances</b>	<u>(1,373,773)</u>	<u>(1,373,773)</u>	<u>(1,373,773)</u>	-
<b>Ending fund balances</b>	<u>\$ (1,323,773)</u>	<u>\$ (8,789,141)</u>	<u>\$ (1,330,749)</u>	<u>\$ 7,458,392</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Police Grants**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 170,000	\$ 170,000	\$ 33,420	\$ (136,580)
Use of money and property	-	-	1,397	1,397
Intergovernmental	116,894	116,894	74,275	(42,619)
Charges for services	50,000	50,000	44,600	(5,400)
<b>Total revenues</b>	<u>336,894</u>	<u>336,894</u>	<u>153,692</u>	<u>(183,202)</u>
<b>Expenditures</b>				
Current				
Public safety	207,000	357,000	135,450	221,550
Capital outlay	-	-	18,675	(18,675)
<b>Total expenditures</b>	<u>207,000</u>	<u>357,000</u>	<u>154,125</u>	<u>202,875</u>
<b>Net change in fund balances</b>	129,894	(20,106)	(433)	19,673
<b>Beginning fund balances</b>	235,180	235,180	235,180	-
<b>Ending fund balances</b>	<u>\$ 365,074</u>	<u>\$ 215,074</u>	<u>\$ 234,747</u>	<u>\$ 19,673</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget And Actual**  
**Housing Authority**  
**Year Ended June 30, 2018**

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	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 2,779	\$ 2,779
Intergovernmental	5,085,313	5,085,313	5,036,055	(49,258)
Other	35,940	35,940	121,241	85,301
<b>Total revenues</b>	<u>5,121,253</u>	<u>5,121,253</u>	<u>5,160,075</u>	<u>38,822</u>
<b>Expenditures</b>				
Current				
Community development	5,132,393	5,144,701	5,240,659	(95,958)
<b>Total expenditures</b>	<u>5,132,393</u>	<u>5,144,701</u>	<u>5,240,659</u>	<u>(95,958)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(11,140)</u>	<u>(23,448)</u>	<u>(80,584)</u>	<u>(57,136)</u>
<b>Other financing uses</b>				
Transfers out	<u>(11,000)</u>	<u>(11,000)</u>	<u>(14,919)</u>	<u>(3,919)</u>
<b>Net change in fund balances</b>	(22,140)	(34,448)	(95,503)	(61,055)
<b>Beginning fund balances</b>	299,698	299,698	299,698	-
<b>Ending fund balances</b>	<u>\$ 277,558</u>	<u>\$ 265,250</u>	<u>\$ 204,195</u>	<u>\$ (61,055)</u>



**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget And Actual**  
**Cooperative Agreements Contributions**  
**Year Ended June 30, 2018**

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		<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>					
	<b>Total revenues</b>	\$ -	\$ -	\$ -	-
<b>Expenditures</b>					
	Capital outlay	-	400,000	26,393	373,607
	<b>Total expenditures</b>	-	400,000	26,393	373,607
	<b>Net change in fund balances</b>	-	(400,000)	(26,393)	373,607
	<b>Beginning fund balances</b>	-	-	-	-
	<b>Ending fund balances</b>	\$ -	\$ (400,000)	\$ (26,393)	\$ 373,607

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget And Actual**  
**Measure M**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 618	618
Intergovernmental	931,039	931,039	784,896	(146,143)
<b>Total revenues</b>	<u>931,039</u>	<u>931,039</u>	<u>785,514</u>	<u>(145,525)</u>
<b>Expenditures</b>				
Current				
General government	96,893	101,447	39,897	61,550
Public works	295,471	304,383	77,557	226,826
Capital outlay	-	500,000	395,441	104,559
<b>Total expenditures</b>	<u>392,364</u>	<u>909,145</u>	<u>512,895</u>	<u>396,250</u>
<b>Net change in fund balances</b>	538,675	21,894	272,619	250,725
<b>Beginning fund balances</b>	-	-	-	-
<b>Ending fund balances</b>	<u>\$ 538,675</u>	<u>\$ 21,894</u>	<u>\$ 272,619</u>	<u>\$ 250,725</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget And Actual**  
**SB1 Road Repair and Accountability**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 348,199	\$ 348,199
Use of money and property	-	-	630	630
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>348,829</u>	<u>348,829</u>
<b>Expenditures</b>				
Current				
Public safety	-	527	-	527
Capital outlay	-	425,961	21,077	404,884
<b>Total expenditures</b>	<u>-</u>	<u>426,488</u>	<u>21,077</u>	<u>405,411</u>
<b>Net change in fund balances</b>	-	(426,488)	327,752	754,240
<b>Beginning fund balances</b>	-	-	-	-
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ (426,488)</u>	<u>\$ 327,752</u>	<u>\$ 754,240</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Debt Service Funds**  
**Pension Obligation**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 13,092	\$ 13,092
Other	1,894,492	1,894,492	1,891,392	(3,100)
<b>Total revenues</b>	<u>1,894,492</u>	<u>1,894,492</u>	<u>1,904,484</u>	<u>9,992</u>
<b>Expenditures</b>				
Debt service				
Principal retirement	1,795,000	1,795,000	1,795,000	-
Interest expense and fiscal charges	99,492	99,492	97,937	1,555
<b>Total expenditures</b>	<u>1,894,492</u>	<u>1,894,492</u>	<u>1,892,937</u>	<u>1,555</u>
<b>Net change in fund balances</b>	-	-	11,547	11,547
<b>Beginning fund balances</b>	1,882	1,882	1,882	-
<b>Ending fund balances</b>	<u>\$ 1,882</u>	<u>\$ 1,882</u>	<u>\$ 13,429</u>	<u>\$ 11,547</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Debt Service Funds**  
**City**  
**Year Ended June 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 100	\$ 100	\$ 291	\$ 191
<b>Total revenues</b>	<u>100</u>	<u>100</u>	<u>291</u>	<u>191</u>
<b>Expenditures</b>				
Debt Service				
Principal retirement	389,000	389,000	389,000	-
Interest expense and fiscal charges	36,124	36,124	36,124	-
<b>Total expenditures</b>	<u>425,124</u>	<u>425,124</u>	<u>425,124</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(425,024)</u>	<u>(425,024)</u>	<u>(424,833)</u>	<u>191</u>
<b>Other financing sources (uses)</b>				
Transfers in	<u>425,125</u>	<u>425,125</u>	<u>425,124</u>	<u>-</u>
<b>Net change in fund balances</b>	101	101	291	190
<b>Beginning fund balances</b>	<u>34,582</u>	<u>34,582</u>	<u>34,582</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 34,683</u>	<u>\$ 34,683</u>	<u>\$ 34,873</u>	<u>\$ 190</u>

**City of Baldwin Park**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget And Actual**  
**Capital Projects Fund**  
**Year Ended June 30, 2018**

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		<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
	Use of money and property	\$ -	\$ -	\$ 80	\$ 80
	<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>80</u>	<u>80</u>
<b>Expenditures</b>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
	<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Net change in fund balances</b>	-	-	80	80
	<b>Beginning fund balances</b>	<u>9,575</u>	<u>9,575</u>	<u>9,575</u>	<u>-</u>
	<b>Ending fund balances</b>	<u>\$ 9,575</u>	<u>\$ 9,575</u>	<u>\$ 9,655</u>	<u>\$ 80</u>

**City of Baldwin Park**  
**Description Of Internal Service Funds**  
**June 30, 2018**

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Internal Service Funds are used to account for services provided to City departments and agencies on a user charge basis.

- |   |  |
|---|--|
| <b><i>Fleet Services Fund</i></b>       | To account for the acquisition, operation, and maintenance of all City-owned or leased motorized vehicles.   |
| <b><i>Information Services Fund</i></b> | This fund provides printing, copying, mail, central stores, and data processing services to the various departments and programs.  |
| <b><i>Internal Insurance Fund</i></b>   | To account for the City's risk management program and various insurance-related costs. Its activities relate principally to general liability, workers' compensation, long-term disability, property damage, and unemployment insurance. |
| <b><i>Capital Equipment Fund</i></b>    | To account for the City's capital equipment acquisition and replacement program. Its activities relate principally to funding and acquisition of capital equipment of various departments of the City.                                   |

**City of Baldwin Park**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2018**

	Fleet Services	Information Services	Internal Insurance	Capital Equipment	Total
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 360,034	\$ 140,625	\$ 4,323,965	\$ -	\$ 4,824,624
Interest receivable	965	474	21,415	-	22,854
Prepaid expenses	-	1,260	-	-	1,260
Due from other funds	550	31,084	2,100,851	-	2,132,485
Total current assets	<u>361,549</u>	<u>173,443</u>	<u>6,446,231</u>	<u>-</u>	<u>6,981,223</u>
Noncurrent assets					
Capital assets					
Vehicle and equipment	2,785,906	1,390,755	-	286,057	4,462,718
Less accumulated depreciation	<u>(2,773,419)</u>	<u>(1,333,849)</u>	<u>-</u>	<u>(180,633)</u>	<u>(4,287,901)</u>
Net capital assets	<u>12,487</u>	<u>56,906</u>	<u>-</u>	<u>105,424</u>	<u>174,817</u>
Total noncurrent assets	<u>12,487</u>	<u>56,906</u>	<u>-</u>	<u>105,424</u>	<u>174,817</u>
<b>Total assets</b>	<u>374,036</u>	<u>230,349</u>	<u>6,446,231</u>	<u>105,424</u>	<u>7,156,040</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	<u>130,882</u>	<u>118,822</u>	<u>68,101</u>	<u>-</u>	<u>317,805</u>
<b>Total deferred outflows of resources</b>	<u>130,882</u>	<u>118,822</u>	<u>68,101</u>	<u>-</u>	<u>317,805</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	45,556	16,144	20,209	-	81,909
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	14,647	14,647
Current portion of insurance liabilities	-	-	361,680	-	361,680
Total current liabilities	<u>45,556</u>	<u>16,144</u>	<u>381,889</u>	<u>14,647</u>	<u>458,236</u>
Noncurrent liabilities					
Workers' compensation liability	-	-	5,732,872	-	5,732,872
General insurance liability	-	-	2,169,929	-	2,169,929
Unemployment insurance liability	-	-	20,000	-	20,000
Disability insurance liability	-	-	75,000	-	75,000
Net pension plan liability	<u>859,236</u>	<u>780,064</u>	<u>447,081</u>	<u>-</u>	<u>2,086,381</u>
Total noncurrent liabilities	<u>859,236</u>	<u>780,064</u>	<u>8,444,882</u>	<u>-</u>	<u>10,084,182</u>
<b>Total liabilities</b>	<u>904,792</u>	<u>796,208</u>	<u>8,826,771</u>	<u>14,647</u>	<u>10,542,418</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Invested in capital assets	12,487	56,906	-	105,424	174,817
Unrestricted	<u>(412,361)</u>	<u>(503,943)</u>	<u>(2,312,439)</u>	<u>(14,647)</u>	<u>(3,243,390)</u>
<b>Total net position (deficit)</b>	<u>\$ (399,874)</u>	<u>\$ (447,037)</u>	<u>\$ (2,312,439)</u>	<u>\$ 90,777</u>	<u>\$ (3,068,573)</u>



**City of Baldwin Park**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Funds**  
**Year Ended June 30, 2018**

	Fleet Services	Information Services	Internal Insurance	Capital Equipment	Total
<b>Operating revenues</b>					
Charges for services	\$ 1,068,138	\$ 767,028	\$ 2,655,507	\$ -	\$ 4,490,673
<b>Total operating revenue</b>	<u>1,068,138</u>	<u>767,028</u>	<u>2,655,507</u>	<u>-</u>	<u>4,490,673</u>
<b>Operating expenses</b>					
Maintenance and operations	441,292	184,901	9,172	-	635,365
Provision for insurance claims	-	-	4,497,506	-	4,497,506
Depreciation	8,865	33,879	-	78,575	121,319
Lease and equipment purchase	-	21,800	-	-	21,800
Personnel services	438,430	546,609	302,324	-	1,287,363
Contractual services	68,581	81,189	5,625	-	155,395
<b>Total operating expenses</b>	<u>957,168</u>	<u>868,378</u>	<u>4,814,627</u>	<u>78,575</u>	<u>6,718,748</u>
<b>Operating income (loss)</b>	<u>110,970</u>	<u>(101,350)</u>	<u>(2,159,120)</u>	<u>(78,575)</u>	<u>(2,228,075)</u>
<b>Nonoperating income</b>					
Interest	2,178	1,109	34,754	-	38,041
<b>Total nonoperating income</b>	<u>2,178</u>	<u>1,109</u>	<u>34,754</u>	<u>-</u>	<u>38,041</u>
<b>Income (loss) before transfers</b>	113,148	(100,241)	(2,124,366)	(78,575)	(2,190,034)
<b>Transfers</b>					
Transfers in	-	-	-	-	-
<b>Net transfers</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	113,148	(100,241)	(2,124,366)	(78,575)	(2,190,034)
<b>Net position (deficit) - beginning</b>	<u>(513,022)</u>	<u>(346,796)</u>	<u>(188,073)</u>	<u>169,352</u>	<u>(878,539)</u>
<b>Net position (deficit) - ending</b>	<u>\$ (399,874)</u>	<u>\$ (447,037)</u>	<u>\$ (2,312,439)</u>	<u>\$ 90,777</u>	<u>\$ (3,068,573)</u>

**City of Baldwin Park  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2018**

	Fleet Services	Information Services	Internal Insurance	Capital Equipment	Total
<b>Cash flows from operating activities</b>					
Receipts from customers and users	\$ 1,068,138	\$ 767,028	\$ 2,655,507	\$ -	\$ 4,490,673
Payments to suppliers	(500,760)	(279,560)	(20,610)	-	(800,930)
Payments to employees	(277,723)	(405,314)	(220,832)	-	(903,869)
Payments for insurance	-	-	(2,541,502)	-	(2,541,502)
<b>Net cash provided by (used in) operating activities</b>	<u>289,655</u>	<u>82,154</u>	<u>(127,437)</u>	<u>-</u>	<u>244,372</u>
<b>Cash flows from capital and related financing activities</b>					
Net acquisition (disposal) of equipment	(6,550)	(65,399)	-	21,949	(50,000)
<b>Net cash used in capital and related financing activities</b>	<u>(6,550)</u>	<u>(65,399)</u>	<u>-</u>	<u>21,949</u>	<u>(50,000)</u>
<b>Cash flows from non-capital financing activities</b>					
Interfund advances	-	-	1,423,158	(21,949)	1,401,209
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>-</u>	<u>-</u>	<u>1,423,158</u>	<u>(21,949)</u>	<u>1,401,209</u>
<b>Cash flows from investing activities</b>					
Interest received	1,288	762	27,107	-	29,157
<b>Net increase (decrease) in cash and cash equivalents</b>	284,393	17,517	1,322,828	-	1,624,738
<b>Beginning cash and cash equivalents</b>	75,641	123,108	3,001,137	-	3,199,886
<b>Ending cash and cash equivalents</b>	<u>\$ 360,034</u>	<u>\$ 140,625</u>	<u>\$ 4,323,965</u>	<u>\$ -</u>	<u>\$ 4,824,624</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 110,970	\$ (101,350)	\$ (2,159,120)	\$ (78,575)	\$ (2,228,075)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	8,865	33,879	-	78,575	121,319
(Increase) decrease in:					
Prepaid expenses	-	(1,260)	-	-	(1,260)
Deferred outflows of resources	102,913	93,431	53,549	-	249,893
Increase (decrease) in:					
Accounts payable	9,113	9,590	(5,813)	-	12,890
Accrued liabilities	(7,442)	(11,360)	(6,001)	-	(24,803)
Net pension liability	132,123	119,948	68,747	-	320,818
Insurance liabilities	-	-	1,956,004	-	1,956,004
Deferred inflows of resources	(66,887)	(60,724)	(34,803)	-	(162,414)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 289,655</u>	<u>\$ 82,154</u>	<u>\$ (127,437)</u>	<u>\$ -</u>	<u>\$ 244,372</u>

**City of Baldwin Park**  
**Description of Fiduciary Funds – Agency Funds**

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The City's Agency Funds, which are fiduciary funds, are used to account for assets held by the City, as an agent for individuals, private organizations, and other governments.

**City Of Baldwin Park**  
**Statement Of Changes In Assets And Liabilities – Fiduciary (Agency) Funds**  
**Year Ended June 30, 2018**

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
<b>Assets</b>				
Pooled cash investments	\$ 1,125,200	\$ 1,889,815	\$ 1,569,862	\$ 1,445,153
Interest receivable	1,051	3,867	1,051	3,867
Total	<u>\$ 1,126,251</u>	<u>\$ 1,893,683</u>	<u>\$ 1,570,914</u>	<u>\$ 1,449,020</u>
<b>Liabilities</b>				
Accounts payable	\$ 54,490	\$ 522,423	\$ 461,808	\$ 115,105
Deposit accounts:				
Contingency deposits	30,000	-	-	30,000
Crime prevention	-	245	-	245
Donations community center	57,314	311,660	260,561	108,413
Engineering trust deposits	529,413	73,275	57,000	545,688
Explorer (benefit program)	1,710	-	-	1,710
Family impact/domestic violence	5,852	391	-	6,243
Family impact	1,400	-	-	1,400
Fingerprints - clients	1,403	2,547	2,374	1,576
Inmate welfare fund	2,501	930	2,254	1,177
Miscellaneous trust	73,869	49,796	17,787	105,878
Offsite improvement bond	42,385	-	-	42,385
Police foundation trust	4,669	-	-	4,669
Police training	355	70,964	635	70,684
Pride program	73,810	-	-	73,810
Recycling proceeds	1,654	1,865	2,633	886
Rental cleaning deposits	6,355	40,453	39,613	7,195
Revolving nuisance abatement	2,911	-	-	2,911
Seized money	-	232,321	48,716	183,605
Street signs	4,877	-	-	4,877
Swim team / interpreting	84,756	15,742	57,765	42,733
Temporary wireless communications facility	20,000	-	-	20,000
Three party agreements	112,594	20,000	75,629	56,965
Uncashed checks	13,933	4,488	480	17,941
Zoning fees	-	2,923	-	2,923
Total	<u>\$ 1,126,251</u>	<u>\$ 1,350,023</u>	<u>\$ 1,027,254</u>	<u>\$ 1,449,020</u>

**STATISTICAL SECTION**

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This part of the City of Baldwin Park's Comprehensive Annual Financial Report provides information to better understand the City's overall financial condition. This has not been audited by an independent auditor.

Financial Trends Information contains information to assist the reader understand how the City's financial performance has changed over time.

Revenue Capacity Information contains information to help the reader assess the City's ability to generate its own revenue.

Debt Capacity Information contains information to assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt.

Demographic and Economic Information assists the user in understanding the environment within which the City's financial activities take place.

Operating Information provides service and infrastructure data to help the reader understand how the City provides the activities it performs.

**Sources:**

Unless otherwise noted, the information in these schedules is derived from the comprehensive reports for the relevant year. The City implemented GASB Statement No. 34 in fiscal year 2003. Schedules presenting government-wide financial statements include information beginning in that year.

**City of Baldwin Park  
Net Position By Category (Unaudited)  
Last Ten Fiscal Years**

Government-Wide Activities	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental Activities</b>										
Investment in capital assets, net of related debt	\$ 99,355,479	\$ 97,154,197	\$ 103,664,486	\$ 95,158,509	\$ 99,199,731	\$ 103,095,241	\$ 99,405,627	\$ 77,370,913	\$ 81,853,878	\$ 85,159,651
Restricted	35,271,463	25,184,419	22,821,363	23,666,635	26,281,738	26,523,624	29,720,564	13,839,466	9,097,505	6,720,929
Unrestricted	(73,930,933)	(30,464,208)	(21,285,903)	(17,566,606)	(25,529,788)	19,340,524	18,567,955	14,200,476	11,916,764	13,367,098
Total governmental activities net position	\$ 60,696,009	\$ 91,874,408	\$ 105,199,946	\$ 101,258,538	\$ 99,951,681	\$ 148,959,389	\$ 147,694,146	\$ 105,410,855	\$ 102,868,147	\$ 105,247,678
<b>Business-Type Activities</b>										
Investment in capital assets, net of related debt	\$ 413,513	\$ 428,020	\$ 442,527	\$ 457,667	\$ 469,158	\$ 479,111	\$ 491,094	\$ 503,077	\$ 515,062	\$ 400,875
Unrestricted	21,531	16,763	(95,680)	(151,753)	(107,709)	96,844	99,841	69,633	72,373	75,835
Total business-type activities net position	\$ 435,044	\$ 444,783	\$ 346,847	\$ 305,914	\$ 361,449	\$ 575,955	\$ 590,935	\$ 572,710	\$ 587,435	\$ 476,710
<b>Total Governmental Wide Activities</b>										
Investment in capital assets, net of related debt	\$ 99,768,992	\$ 97,582,217	\$ 104,107,013	\$ 95,616,176	\$ 99,668,889	\$ 103,574,352	\$ 99,896,721	\$ 77,873,990	\$ 82,368,940	\$ 85,560,526
Restricted	35,271,463	25,184,419	22,821,363	23,666,635	26,281,738	26,523,624	29,720,564	13,839,466	9,097,505	6,720,929
Unrestricted	(73,909,402)	(30,447,445)	(21,381,583)	(17,718,359)	(25,637,497)	19,437,368	18,667,796	14,270,109	11,989,137	13,442,933
Total government-wide activities net position	\$ 61,131,053	\$ 92,319,191	\$ 105,546,793	\$ 101,564,452	\$ 100,313,130	\$ 149,535,344	\$ 148,285,081	\$ 105,983,565	\$ 103,455,582	\$ 105,724,388
Percent change from prior year	-33.8%	-12.5%	3.9%	1.2%	-32.9%	0.8%	39.9%	2.4%	-2.1%	-2.0%

Source: City of Baldwin Park, Department of Finance

Note: The City implemented GASB 75 in the FY 2018. Prior year information was not restated to reflect the impact of this implementation.



**City Of Baldwin Park**  
**Fund Balances Of Governmental Funds (Unaudited)**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General fund</b>										
Reserved									\$ 13,705,002	\$13,268,093
Unreserved									5,213,836	5,187,803
Total general fund									<u>\$ 18,918,838</u>	<u>\$18,455,896</u>
<b>All other governmental funds</b>										
Reserved									\$ 9,944,381	\$13,250,641
Unreserved, reported in:										
Special revenue funds									17,187,651	14,572,267
Capital projects funds									(17,125,366)	(16,450,152)
Debt service funds									2,465,756	(588,740)
Total all other governmental funds									<u>\$ 12,472,422</u>	<u>\$10,784,016</u>
<b>General fund</b>										
Nonspendable	\$ 14,136,251	\$ 14,136,252	\$ 14,240,315	\$14,665,029	\$11,196,457	\$ 11,262,955	\$11,173,252	\$11,170,510		
Restricted	-	-	-	-	-	-	-	-		
Committed	9,036,274	9,036,274	10,284,411	2,502,377	2,444,184	2,477,618	2,477,618	2,477,618		
Assigned	740,398	740,398	-	-	606,926	606,926	606,926	-		
Unassigned	5,724,902	5,724,902	4,939,534	5,735,419	3,865,040	2,648,039	1,826,473	3,429,025		
Total general fund	<u>\$29,637,825</u>	<u>\$ 29,637,827</u>	<u>\$ 29,464,260</u>	<u>\$22,902,825</u>	<u>\$18,112,607</u>	<u>\$16,995,538</u>	<u>\$16,084,269</u>	<u>\$17,077,153</u>		
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ 7,595,941	\$ 97,150	\$ 107,252	\$ 69,709	\$ 465,992	\$ 6,456,699		
Restricted	20,073,195	20,073,196	15,225,422	23,666,635	26,281,738	24,880,669	27,732,162	31,656,729		
Committed	-	-	-	-	-	1,642,953	1,649,752	1,662,234		
Assigned	-	-	-	-	-	-	-	-		
Unassigned	(1,463,334)	(1,432,627)	(494,014)	(76,007)	(101,290)	98,651	(144,174)	(18,419,711)		
Total all other governmental funds	<u>\$18,609,861</u>	<u>\$ 18,640,568</u>	<u>\$22,327,349</u>	<u>\$23,687,778</u>	<u>\$26,287,700</u>	<u>\$26,691,982</u>	<u>\$29,703,732</u>	<u>\$21,355,951</u>		

Note: In 2011, the City adopted GASB 54 which revised the reporting of Fund Balance.

Source: City of Baldwin Park, Department of Finance

**City Of Baldwin Park  
Change In Net Position (Unaudited)  
Last Ten Fiscal Years**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 4,289,453	\$ 3,934,170	\$ 3,685,485	\$ 1,739,253	\$ 3,569,287	\$ 1,970,961	\$ 3,672,805	\$ 4,313,307	\$ 3,095,391	\$ 2,651,181
Public safety	24,520,278	22,840,607	18,502,015	18,910,033	19,016,856	19,404,669	19,929,293	18,819,467	18,810,685	18,917,403
Public works	17,204,596	18,128,344	17,119,952	14,396,628	12,759,502	11,850,568	13,442,178	13,518,003	13,549,660	13,730,184
Community development	10,255,744	8,832,071	8,323,589	8,673,128	10,122,573	6,730,380	9,504,536	10,968,474	14,060,899	11,931,976
Recreation services	5,729,841	4,950,577	5,387,714	3,111,822	4,041,002	4,061,719	4,110,432	4,462,052	4,383,579	4,666,863
Net transfers out to successor agency	-	1,003,790	-	-	-	-	716,587	-	-	-
Interest and fiscal charges	505,629	567,180	925,917	1,040,660	1,118,400	1,188,460	2,140,361	3,440,701	3,424,605	3,658,849
<b>Total governmental activities expenses</b>	<b>62,505,541</b>	<b>60,256,739</b>	<b>53,944,672</b>	<b>47,871,524</b>	<b>50,627,620</b>	<b>45,206,757</b>	<b>53,516,192</b>	<b>55,522,004</b>	<b>57,324,819</b>	<b>55,556,456</b>
<b>Business-type activities:</b>										
Public Housing	61,773	55,381	7,526	87,064	107,886	62,055	58,008	47,541	47,294	47,237
<b>Total business-type expenses</b>	<b>61,773</b>	<b>55,381</b>	<b>7,526</b>	<b>87,064</b>	<b>107,886</b>	<b>62,055</b>	<b>58,008</b>	<b>47,541</b>	<b>47,294</b>	<b>47,237</b>
<b>Total expenses</b>	<b>62,567,314</b>	<b>60,312,120</b>	<b>53,952,198</b>	<b>47,958,588</b>	<b>50,735,506</b>	<b>45,268,812</b>	<b>53,574,200</b>	<b>55,569,545</b>	<b>57,372,113</b>	<b>55,603,693</b>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for services</b>										
General government	1,046,886	303,237	97,651	1,147,204	154,183	165,064	174,299	575,404	71,654	4,725,440
Public safety	1,224,003	1,109,054	1,074,318	1,487,966	1,483,193	1,623,462	1,574,992	1,757,968	1,987,795	27,622
Public works	489,668	386,340	447,414	228,799	187,289	183,478	232,553	157,631	222,191	67,512
Community development	3,257,615	3,389,351	1,478,362	1,957,406	1,726,032	1,621,642	1,496,976	1,602,720	1,256,198	97,944
Recreation services	597,595	595,376	519,338	457,800	357,425	399,481	485,263	496,518	569,345	-
<b>Operating grants and contributions</b>										
General government	17,314	14,932	90,098	274,897	20,873	23,613	25,328	31,913	-	309,644
Public safety	593,057	896,368	790,062	1,050,268	613,243	643,037	1,816,475	798,702	2,422,392	1,118,516
Public works	8,437,834	5,258,466	5,673,930	4,743,282	4,915,099	2,838,026	4,822,508	4,104,695	3,400,330	1,768,134
Community development	6,256,541	7,854,992	6,081,792	7,001,052	9,161,667	6,518,932	5,359,522	7,421,769	8,132,297	9,120,098
Recreation services	74,977	44,710	172,793	111,860	89,251	134,159	276,815	175,407	216,980	551,636
<b>Capital grants and contributions</b>										
General government	-	-	-	-	23,344	11,222	44,654	-	-	-
Public safety	-	-	-	-	-	-	-	2,041	-	2,857,802
Public works	-	46,286	1,962,029	2,376,883	1,859,363	6,105,164	4,203,011	3,836,812	5,007,296	-
Community development	-	-	13,653	503,875	219,750	609,592	385,888	884,820	-	-
<b>Total governmental activities revenues</b>	<b>21,995,490</b>	<b>19,899,112</b>	<b>18,401,440</b>	<b>21,341,292</b>	<b>20,810,712</b>	<b>20,876,872</b>	<b>20,898,284</b>	<b>21,846,400</b>	<b>23,286,478</b>	<b>20,644,348</b>
<b>Business-type activities:</b>										
Public Housing	37,115	33,736	34,806	31,529	56,689	47,077	76,231	32,817	158,046	44,526
<b>Total business-type activities revenues</b>	<b>37,115</b>	<b>33,736</b>	<b>34,806</b>	<b>31,529</b>	<b>56,689</b>	<b>47,077</b>	<b>76,231</b>	<b>32,817</b>	<b>158,046</b>	<b>44,526</b>
<b>Total revenues</b>	<b>22,032,605</b>	<b>19,932,848</b>	<b>18,436,246</b>	<b>21,372,821</b>	<b>20,867,401</b>	<b>20,923,949</b>	<b>20,974,515</b>	<b>21,879,217</b>	<b>23,444,524</b>	<b>20,688,874</b>
<b>Net revenues (expenses):</b>										
Governmental activities	(40,510,051)	(40,357,627)	(35,543,232)	(26,530,232)	(29,816,908)	(24,329,885)	(32,617,908)	(33,675,604)	(34,038,341)	(34,912,108)
Business-type activities	(24,658)	(21,645)	27,280	(55,535)	(51,197)	(14,978)	18,223	(14,724)	110,752	(2,711)
<b>Total net revenues (expenses)</b>	<b>(40,534,709)</b>	<b>(40,379,272)</b>	<b>(35,515,952)</b>	<b>(26,585,767)</b>	<b>(29,868,105)</b>	<b>(24,344,863)</b>	<b>(32,599,685)</b>	<b>(33,690,328)</b>	<b>(33,927,589)</b>	<b>(34,914,819)</b>
<b>General revenues and other changes to net position:</b>										
<b>Taxes</b>										
Property taxes	13,966,896	13,517,129	12,862,879	12,685,172	12,111,840	12,465,052	11,420,680	11,645,328	11,944,651	13,372,060
Motor vehicle in lieu	-	-	-	-	-	-	-	5,713,857	6,244,987	6,900,045
Sales tax	6,095,478	5,402,494	5,614,000	5,067,921	5,289,403	5,612,549	5,324,720	5,418,895	5,251,513	5,625,840
Tax increment	-	-	-	-	-	-	2,956,160	-	-	-
Franchise tax	2,596,774	2,457,753	2,530,504	2,316,498	2,296,371	2,285,759	2,368,974	2,239,905	2,312,090	1,997,823
Utility users tax	2,449,027	2,401,252	2,305,780	2,395,922	2,325,395	2,252,168	2,215,756	2,266,892	2,407,299	2,459,483
Other taxes	2,187,416	1,546,154	1,878,295	1,585,951	1,156,959	1,144,346	1,142,083	1,084,450	1,145,692	1,129,061
<b>Use of money and property</b>										
Interest	986,292	466,942	222,210	133,422	63,329	89,714	119,287	721,172	388,977	1,190,007
Other	3,468,068	2,196,065	1,906,251	3,652,203	1,340,746	1,920,821	1,441,891	7,127,812	1,963,573	73,358
<b>Total general revenues and other changes</b>	<b>31,749,951</b>	<b>27,987,789</b>	<b>27,319,919</b>	<b>27,837,089</b>	<b>24,584,043</b>	<b>25,770,409</b>	<b>27,734,756</b>	<b>36,218,311</b>	<b>31,658,782</b>	<b>32,747,677</b>
<b>Changes in net position</b>	<b>\$ (8,784,758)</b>	<b>\$ (12,391,483)</b>	<b>\$ (8,196,033)</b>	<b>\$ 1,251,322</b>	<b>\$ (5,284,062)</b>	<b>\$ 1,425,546</b>	<b>\$ (4,864,929)</b>	<b>\$ 2,527,983</b>	<b>\$ (2,268,807)</b>	<b>\$ (2,167,142)</b>

Source: City of Baldwin Park, Department of Finance

**City Of Baldwin Park**  
**Changes In Fund Balances Of Governmental Funds (Unaudited)**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues:</b>										
Taxes	\$ 27,808,215	\$ 25,494,897	\$ 25,375,613	\$ 24,621,704	\$ 23,380,086	\$ 23,948,416	\$ 26,010,242	\$ 28,781,829	\$ 29,176,659	\$ 31,794,891
Licenses and permits	866,469	867,491	647,237	727,345	480,163	410,422	570,982	583,935	625,889	564,596
Fines and forfeitures	715,649	869,921	940,494	1,547,815	1,328,768	1,435,656	2,132,229	1,741,941	3,379,541	2,039,461
Use of money and property	985,077	590,760	313,157	355,455	232,573	623,138	552,322	563,120	449,266	723,158
Intergovernmental	14,829,862	13,313,996	13,779,022	14,991,699	13,894,777	16,484,837	15,365,584	17,148,467	17,611,402	14,885,994
Charges for services	3,668,924	3,246,729	2,076,545	3,337,421	2,093,492	1,687,331	1,903,087	1,900,607	1,830,657	1,546,595
Others	4,243,986	3,369,839	3,198,282	3,234,325	4,357,507	1,767,995	1,990,337	2,114,796	2,193,287	2,053,604
<b>Total revenues</b>	<b>53,118,182</b>	<b>47,753,633</b>	<b>46,330,350</b>	<b>48,815,764</b>	<b>45,767,366</b>	<b>46,357,795</b>	<b>48,524,783</b>	<b>52,834,695</b>	<b>55,266,701</b>	<b>53,608,299</b>
<b>Expenditures</b>										
<b>Current:</b>										
General government	3,222,291	3,576,247	3,189,841	2,966,952	2,944,980	2,566,058	3,470,852	3,071,399	2,882,320	3,031,641
Public safety	21,516,309	19,229,288	18,629,710	18,501,597	17,131,533	17,452,849	18,055,455	17,132,322	17,006,136	17,164,777
Public works	7,991,644	10,739,404	8,941,242	8,266,399	6,284,794	7,246,257	5,907,233	5,360,016	5,462,651	6,204,823
Community development	7,941,211	8,654,300	7,508,322	8,898,699	10,438,893	6,321,635	9,219,672	10,870,890	14,252,879	12,366,593
Recreation services	4,477,278	4,498,631	4,717,096	2,701,780	3,744,883	3,719,236	3,839,072	4,203,053	4,078,500	4,336,564
<b>Capital outlay:</b>	<b>5,031,773</b>	<b>1,250,739</b>								
Public works	-	-	3,975,529	591,396	646,996	2,450,014	1,378,864	5,271,250	3,673,895	663,045
Community development	-	-	-	150,970	606,438	5,366,122	2,898,564	16,709	-	584,672
<b>Debt service:</b>										
Principal retirement	10,566,000	2,669,000	2,480,000	2,306,000	2,145,000	1,989,000	3,003,000	2,924,000	2,870,000	5,638,000
Interest and fiscal charges	691,933	650,255	833,872	1,005,038	1,098,642	1,195,720	2,131,081	2,948,628	3,148,521	3,615,036
<b>Total expenditures</b>	<b>61,438,439</b>	<b>51,267,864</b>	<b>50,275,612</b>	<b>45,388,831</b>	<b>45,042,159</b>	<b>48,306,891</b>	<b>49,903,793</b>	<b>51,798,267</b>	<b>53,374,902</b>	<b>53,605,151</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(8,320,257)</b>	<b>(3,514,231)</b>	<b>(3,945,262)</b>	<b>3,426,933</b>	<b>725,207</b>	<b>(1,949,096)</b>	<b>(1,379,010)</b>	<b>1,036,428</b>	<b>1,891,799</b>	<b>3,148</b>
<b>Other financing sources (uses):</b>										
Gain on sale of properties	-	-	-	-	-	-	-	522,745	-	-
Loan proceeds	8,699,256	1,565,718	-	-	-	-	-	109,869	158,922	-
Transfers in	1,504,919	1,832,091	1,734,428	2,133,768	1,883,876	2,449,890	3,311,585	5,089,645	4,605,577	3,178,433
Transfers out	(1,519,838)	(2,850,109)	(2,097,259)	(2,133,768)	(1,907,220)	(2,601,275)	(4,069,825)	(5,089,645)	(4,484,544)	(3,775,309)
Issuance of bonds	-	-	-	-	-	-	-	-	-	3,022,000
<b>Total other financing sources (uses)</b>	<b>8,684,337</b>	<b>547,700</b>	<b>(362,831)</b>	<b>-</b>	<b>(23,344)</b>	<b>(151,385)</b>	<b>(758,240)</b>	<b>632,614</b>	<b>279,955</b>	<b>2,425,124</b>
<b>Special items</b>										
Gain on sale of properties	-	-	-	-	-	-	-	4,988,913	-	-
Items related to payment of loans	-	-	-	-	-	-	-	383,889	-	-
RDA dissolution transactions	-	-	-	-	-	-	9,492,143	-	-	-
<b>Net special items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,492,143</b>	<b>5,372,802</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 364,080</b>	<b>\$ (2,966,531)</b>	<b>\$ (4,308,093)</b>	<b>\$ 3,426,933</b>	<b>\$ 701,863</b>	<b>\$ (2,100,481)</b>	<b>\$ 7,354,893</b>	<b>\$ 7,041,844</b>	<b>\$ 2,171,754</b>	<b>\$ 2,428,272</b>
Debt service as a percentage of noncapital expenditures	19.96%	6.64%	7.16%	7.42%	7.41%	7.87%	11.25%	12.63%	12.11%	17.67%

Source: City of Baldwin Park, Department of Finance

**City Of Baldwin Park**  
**Assessed Value And Estimated Value Of Taxable Property (Unaudited)**  
**Last Ten Fiscal Years**

Fiscal Year Ended	City			Taxable Assessed Value	Direct Tax Rate (1)
	Secured	Unsecured	Less Exemptions		
2009	\$ 2,981,835,548	\$ 61,073,837	\$ 34,382,263	\$ 3,008,527,122	1.590%
2010	3,800,274,206	196,070,446	302,325,645	3,694,019,007	1.470%
2011	3,753,103,235	189,227,317	305,138,330	3,637,192,222	1.540%
2012	3,807,825,639	186,940,080	325,255,386	3,669,510,333	1.320%
2013	3,847,566,860	184,329,274	328,124,599	3,703,771,535	1.320%
2014	3,964,547,207	184,504,677	341,289,168	3,807,762,716	1.270%
2015	4,176,607,323	203,549,310	340,987,144	4,039,169,489	1.080%
2016	4,369,302,134	202,574,912	358,469,991	4,213,407,055	0.920%
2017	4,553,828,855	204,539,343	365,616,653	4,392,751,545	0.290%
2018	4,751,028,710	174,734,412	341,176,468	4,584,586,654	0.630%

Note (1): Beginning in fiscal year 1982, the valuation provided are equal to the full cash value of the the assessed valuations reflected only 25% on the full cash value. This change reflects California Constitution (Proposition 13).

Source: Los Angeles County Assessor's Office.  
Hdl, Coren & Cone

**City Of Baldwin Park**  
**Direct Overlapping Property Tax Rates (Unaudited)**  
**(Rate Per \$100 Of Assessed Value)**  
**Last Ten Fiscal Years**

<u>Agency</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Basic Levy	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Baldwin Park Unified School District	0.13039	0.10510	0.16288	0.16519	0.15842	0.16406	0.17506	0.16673	0.16101	0.15384
Bassett United School Dist	0.17443	0.16781	0.15771	0.11539	0.11632	0.12773	0.11628	0.12316	0.10877	0.08990
El Monte City School District	0.00000	0.00000	0.00000	0.00000	0.12735	0.13288	0.12733	0.12388	0.11907	0.09045
El Monte Union High School	0.08243	0.08469	0.09155	0.08418	0.09799	0.08992	0.09591	0.08475	0.09654	0.05160
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430	0.00430
Mountain View Sd 2016 Series A	0.04770	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Mt. San Antonio College	0.02371	0.02400	0.02154	0.02129	0.02023	0.02896	0.02642	0.02636	0.02571	0.02333
Rio Hondo Community College Dist	0.02748	0.02808	0.02712	0.02821	0.02892	0.02812	0.03418	0.03439	0.02714	0.02320
West Covina Unified	0.09514	0.04914	0.04205	0.05412	0.03626	0.04965	0.05377	0.05920	0.05258	0.06041
Total Direct & Overlapping Tax Rates	1.58478	1.46232	1.50635	1.47188	1.58899	1.62482	1.63265	1.62217	1.59512	1.40657
City Share of 1% Levy Per Prop 13	0.12058	0.12058	0.12058	0.12058	0.12058	0.12058	0.12058	0.12058	0.12058	0.12058
Redevelopment Rate	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00370	1.00370	1.00430	1.00430
Total Direct Rate	0.11674	0.11735	0.11716	0.11697	0.11484	0.27229	0.27179	0.27918	0.28157	0.26810

**City Of Baldwin Park  
Ten Principal Property Taxpayers (Unaudited)  
Current Year And Ten Years Ago**

Property Taxpayer	2018		2009	
	Assessed Value	Percentage Total	Assessed Value	Percentage Total
In N Out Burger Inc.	\$ 37,389,032	0.82%	\$ 30,666,294	0.78%
State of California	-	0.00%	27,182,092	0.69%
Kaiser Foundation Hospitals	-	0.00%	19,329,832	0.49%
Wal Mart Real Estate Business Trust	31,756,863	0.69%	-	0.00%
Sierra Center Investments LLC	27,186,315	0.59%	24,021,000	0.61%
Home Depot USA	20,027,925	0.44%	18,556,590	0.47%
Baldwin Park Commerce Center LP	-	0.00%	16,088,351	0.41%
J&J Warehouse Company LLC	18,224,120	0.40%	16,116,834	0.41%
LBA RV Company XII LP	17,176,800	0.37%	-	0.00%
Target Corporation	16,096,583	0.35%	-	0.00%
M and A Gabae LP	15,813,678	0.34%	11,227,557	0.29%
Baldwin Ohana LP	14,634,273	0.32%	-	0.00%
Dayton Hudson Corporation	-	0.00%	13,716,527	0.35%
Otting Properties	14,364,585	0.31%	12,496,571	0.32%
Total taxable assessed value of ten largest taxpayers	212,670,174	4.64%	189,401,648	4.84%
Total taxable assessed value of other taxpayers	4,371,916,480	95.36%	3,722,334,576	95.16%
Total taxable assessed value of all taxpayers	<u>\$ 4,584,586,654</u>	<u>100.00%</u>	<u>\$ 3,911,736,224</u>	<u>100.00%</u>

Note: The amounts shown above include assessed value data for both the City and the former Community Development Commission of Baldwin Park.

Source: Los Angeles County Assessor's Office, HdL, Coren & Cone

**City Of Baldwin Park  
Property Tax Levies And Collections (Unaudited)  
Last Ten Fiscal Years**

Fiscal Year	Secured Tax	Unsecured Tax	Taxes Levied for the Tax Year	Collections within the Fiscal Year of Levy (1)(2)		Collections in Subsequent Years Amount	Delinquent Tax Collections Amount	Tax Collections to Date	
				Amount	Percent of Levy			Amount	Percent of Levy
2009	\$ 3,948,959	\$ 79,045	\$ 4,028,004	\$ 5,906,716	147%	(3)	(3)	\$ 5,906,716	147%
2010	4,321,922	57,803	4,379,725	5,193,394	119%	(3)	(3)	5,193,394	119%
2011	5,157,261	68,860	5,226,121	5,220,369	100%	(3)	(3)	5,220,369	100%
2012	5,114,052	48,090	5,162,141	5,182,322	100%	(3)	(3)	5,182,322	100%
2013	5,396,596	49,848	5,446,444	6,169,518	113%	(3)	(3)	6,169,518	113%
2014	5,566,627	51,978	5,618,605	5,641,888	100%	(3)	(3)	5,641,888	100%
2015	5,824,808	26,945	5,851,753	5,822,686	100%	(3)	(3)	5,822,686	100%
2016	5,699,017	46,202	5,745,219	5,700,095	99%	(3)	(3)	5,700,095	99%
2017	6,012,206	97,497	6,109,703	6,051,017	99%	(3)	(3)	6,051,017	99%
2018	6,008,474	67,462	6,075,936	6,176,434	102%	(3)	(3)	6,176,434	102%

- Note (1) The figures provided for property tax levies and collections are for the City of Baldwin Park only, and do not include tax increments levied and collected on behalf of the Baldwin Park Successor Agency (formerly Redevelopment Agency).
- (2) Article XIII A of the California Constitution limits the amount of any ad valorem tax on real property to 1% of the full cash value, except that additional taxes may be levied to pay debt service on general obligation bonds and certain other indebtedness approved by voters. This tax is collected by the County Tax Collector and is distributed according to a formula established by the State Legislature.
- (3) The City of Baldwin Park combined the Property Taxes accounts into one.

Source: Los Angeles County Auditor-Controller, Tax Division  
City of Baldwin Park, Department of Finance

**City Of Baldwin Park  
Ratio Of Outstanding Debt By Type (Unaudited)  
Last Ten Fiscal Years**

Fiscal Year Ended	(1) Population	Total Assessed Value	(2) Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Capital Leases	Notes Payable	Total Debt	Total Debt per Capita
2009	81,144	\$ 4,213,482,753	\$ 46,529,000	\$ 4,977,495	\$ 41,551,505	\$ 725,000	\$ 7,910,490	\$ 50,186,995	\$ 616
2010	81,604	4,611,933,343	46,927,000	3,354,699	43,572,301	514,612	4,369,000	48,455,913	594
2011	75,830	4,531,872,593	44,264,000	1,751,761	42,512,239	247,596	4,108,000	46,867,835	619
2012	76,315	4,554,676,396	41,537,000	2,323,299	39,213,701	289,037	3,832,000	43,334,738	571
2013	76,715	4,603,562,164	38,630,000	1,438,665	37,191,335	135,827	3,540,000	40,867,162	536
2014	76,749	4,752,126,081	35,505,000	2,181,717	33,323,283	48,560	3,230,000	36,601,843	477
2015	74,738	5,010,130,459	32,157,000	1,329,848	30,827,152	-	2,902,000	33,729,152	451
2016	75,537	5,214,929,748	28,564,000	72,225	28,491,775	-	2,555,000	31,046,775	411
2017	76,463	5,417,115,331	9,785,000	(3) 696,007	9,088,993	-	2,580,000	11,668,993	153
2018	76,708	5,713,224,809	7,276,000	694,125	6,581,875	-	1,799,000	8,380,875	109

Note (1) Population figures were obtained from the State of California Department of Finance.

(2) The figures presented include both bonds and notes supported by property tax allocations and by special benefit assessment for the combined entity as described in note 1 to the Basic Financial Statements.

(3) As of FY 2017 Gross Bonded debt and related services Funds are for City Bond obligations only and listed under the "Gross Bond and Debt" and the "Less Debt Service Columns"

Source: Los Angeles County Auditor-Controller, Tax Division  
City of Baldwin Park, Department of Finance



**City Of Baldwin Park**  
**Computation Of Legal Debt Margin (Unaudited)**  
**Last Ten Fiscal Years**

Fiscal Year Ended	Assessed Valuation Amount	%	Adjusted	Debt Limit %	Amount	General Obligation Bonds	% of Debt Limit	Legal Debt Margin
2009	\$ 4,213,482,753	25%	\$ 1,053,370,688	15%	\$ 158,005,603	\$ 49,551,000	31.4%	\$ 108,454,603
2010	4,611,933,343	25%	1,152,983,336	15%	172,947,500	46,927,000	27.1%	126,020,500
2011	4,531,872,593	25%	1,132,968,148	15%	169,945,222	44,264,000	26.0%	125,681,222
2012	4,554,676,396	25%	1,138,669,099	15%	170,800,365	41,537,000	24.3%	129,263,365
2013	4,603,562,164	25%	1,150,890,541	15%	172,633,581	40,445,000	23.4%	132,188,581
2014	4,752,126,081	25%	1,188,031,520	15%	178,204,728	32,095,000	18.0%	146,109,728
2015	5,668,000,701	25%	1,417,000,175	15%	212,550,026	27,975,000	13.2%	184,575,026
2016	5,214,929,748	25%	1,303,732,437	15%	195,559,866	25,889,000	13.2%	169,670,866
2017	5,417,115,331	25%	1,354,278,833	15%	203,141,825	9,785,000	4.8%	193,356,825
2018	5,713,224,809	25%	1,428,306,202	15%	214,245,930	9,075,000	4.2%	205,170,930

**City Of Baldwin Park**  
**Direct And Overlapping Bonded Debt (Unaudited)**  
**June 30, 2018**

	Gross Bonded Debt June 30, 2018	Percent Applicable to City of Baldwin Park	Baldwin Park's Share of Debt
Direct debt: (3)			
2017 Lease Agreement	\$ 7,276,000	100.00%	\$ 7,276,000
2018 Energy Conservation Assistance Act Loan	2,988,974	100.00%	2,988,974
SA - Series 2017 Tax Allocation Refunding Bonds (2)	11,325,000	100.00%	11,325,000
Total direct Gross Lease/Loan/Bond Debt.			<u>\$ 21,589,974</u>
Gross Notes-Payable			
HUD 108 Series 2015 A Note	\$ 1,799,000	100.00%	\$ 1,799,000
Total Gross Notes Payable			<u>1,799,000</u>
<b>Total Direct Debt</b>			<b><u>\$ 23,388,974</u></b>
Overlapping debt: (4)			
Metropolitan Water District (1)	\$ 29,354,442	0.324%	\$ 94,995
Mountain View School District	18,000,000	0.981%	176,600
El Monte Union HSD DS 2008 Series A	617,055	0.221%	1,361
El Monte Union HSD DS 2008 Series B	30,118,828	0.221%	66,453
El Monte Union HSD DS 2015 REF Bonds	26,125,000	0.221%	57,642
El Monte Union HSD DS 2016 REF	17,110,000	0.221%	37,751
El Monte Union HSD DS 2008 SERIES C	52,990,000	0.221%	116,916
El Monte Union HSD DS 2016 REF Bonds	10,895,098	0.221%	24,039
Mt. San Antonio Community College District DS 2008 Series 13A	200,306,691	5.228%	10,471,904
Mt. San Antonio Community College District DS 2008 Series 2013B	7,350,000	5.228%	384,253
Mt. San Antonio Community College District DS 2013 REF Series A	63,210,000	5.228%	3,304,578
Mt. San Antonio Community College District DS 2013 REF Series B	37,010,000	5.228%	1,934,859
Mt. San Antonio Community College District DS 2015 REF Bonds	19,130,000	5.228%	1,000,104
Mt. San Antonio Community College District DS 2008 Series 2015C	16,750,000	5.228%	875,679
Rio Hondo Community College District DS 2005 Refunding Bonds	31,650,000	0.084%	26,742
Rio Hondo Community College District DS 2004 Series 2008	116,557,824	0.084%	98,483
Baldwin Park USD 2002 Series 2004	6,455,897	92.694%	5,984,217
Baldwin Park USD 2006 Series 2008	268,630	92.694%	249,003
Baldwin Park USD 2006 Series 2013	23,709,735	92.694%	21,977,457
Baldwin Park USD 2016 Ref Bonds	68,060,000	92.694%	63,087,409
Bassett USD DS 2004 Series 2005 A	265,953	1.428%	3,797
Bassett USD DS 2006 SER B	10,775,729	1.428%	153,862
Bassett USD DS 2014 REF Series A	8,220,000	1.428%	117,370
Bassett USD DS 2014 REF Series B	6,415,000	1.428%	91,597
Bassett USD DS 2014 Series A	8,530,000	1.428%	121,796
Bassett USD DS 2016 REF Bonds	8,645,000	1.428%	123,438
Bassett USD DS 2014 Series B	20,100,000	1.428%	286,999
West Covina USD 2002 Refunding Series A	10,655,000	0.222%	23,696
West Covina USD DS 2012 REF Bonds	11,745,000	0.222%	26,120
West Covina USD DS 2016 Series A	74,995,000	0.222%	166,784
Total overlapping debt			<u>\$ 111,085,904</u>
Total direct and overlapping debt			<u>\$ 134,474,878</u>
2017-18 Assessed Valuation:	<u>\$3,708,779,108</u>	(After deducting \$875807546 Increment Value)	
Debt to Assessed Valuation Ratios:			
Direct debt	0.63%		
Overlapping debt	<u>3.63%</u>		
Total debt (2)	<u>4.26%</u>		

Notes:

- (1) This fund is a portion of a larger agency, and is responsible for debt in areas outside the City.  
(2) Debt figures include general obligation debt which is being repaid through property taxes.  
It excludes revenue, mortgage revenue, interim financing obligations, non-bonded capital lease obligations, and certificates of participation.

Source:

- (3) City of Baldwin Park Department of Finance  
(4) HdL Coren & Cone, Los Angeles County Assessors Combined 2017/18 Lien Date Tax Rolls.

**City Of Baldwin Park**  
**Full-Time And Part-Time City Employees (Unaudited)**  
**By Function**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General government	30	31	28	27	28	32	31	32	30	31
Public safety	99	105	94	90	111	93	103	109	112	111
Community development	16	22	19	17	24	39	38	45	45	33
Public works	38	39	34	35	39	32	30	34	33	35
Park & Recreation	120	165	123	136	156	161	160	186	234	232
<b>Total</b>	<b>303</b>	<b>362</b>	<b>298</b>	<b>305</b>	<b>358</b>	<b>357</b>	<b>362</b>	<b>406</b>	<b>454</b>	<b>442</b>

Source: City of Baldwin Park

**City Of Baldwin Park  
Pledged-Revenue Coverage  
Tax Allocation Bonds (Unaudited)  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Gross Revenue	Pass Through	20% Set Aside	Net Available Revenue	Principal & Interest	Total	Coverage
2009	\$ 7,154,345	\$ 3,300,737	\$ 1,326,873	\$ 2,526,735	\$ 2,520,525	\$ 2,520,525	1.00
2010	7,050,343	2,793,546	1,312,141	2,944,656	2,524,443	2,524,443	1.17
2011	6,507,747	2,666,472	1,195,903	2,645,372	2,388,413	2,388,413	1.11
2012	3,665,710	2,247,042	647,371	771,297	2,395,605	2,395,605	0.32
2013	7,381,113	3,628,117	-	3,752,996	2,407,224	2,407,224	1.56
2014	7,292,921	3,380,446	-	3,912,474	2,418,365	2,418,365	1.62
2015	4,065,833	1,616,306	-	2,449,528	2,423,448	2,423,448	1.01
2016	4,109,417	1,949,707	-	2,159,710	2,432,348	2,432,348	0.89
2017	7,545,318	4,373,788	-	3,171,530	12,562,674	12,562,674	0.25
2018	6,378,613	4,221,311	-	2,157,302	1,939,714	1,939,714	1.11

Note: Refinanced the Merged 2000, 1998 SGR , 1990 CBD and 2003 Puente Merced Bonds and the O/S balance were paid with the proceeds from the 2017 Tax Allocation Bonds.

Source: City of Baldwin Park Department of Finance

**City Of Baldwin Park  
Demographic Statistics (Unaudited)  
Last Ten Fiscal Years**

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Fiscal Year	Population (1)	Housing Units (1)	Per Capita Personal Income (2)	School Enrollment (3)	Rate of Unemployment (4)
2009	81,144	17,751	13,915	17,514	15.7%
2010	81,604	17,736	13,614	15,497	15.9%
2011	75,830	17,750	14,177	15,202	16.1%
2012	76,315	17,774	15,139	19,500	14.5%
2013	76,715	17,799	15,356	18,845	13.3%
2014	76,749	17,797	15,269	18,767	10.9%
2015	74,738	17,792	15,150	14,007	9.0%
2016	75,537	17,800	15,764	18,407	5.6%
2017	76,463	17,878	16,000	17,733	5.2%
2018	76,708	17,923	16,398	16,695	5.0%

Source: (1) California Department of Finance  
(2) US Census Bureau, most recent American Community Survey  
(3) California Department of Education, Education Demographics Unit - Enrollment by Grade  
(4) State Employment Development Department

**City Of Baldwin Park  
Operating Indicators By Function (Unaudited)  
Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Public Safety:</b>										
Arrests	2,533	2,081	2,286	2,504	2,639	2,143	2,734	2,738	2,533	2,561
Parking Citations	12,368	12,040	9,237	6,307	4,897	6,082	7,809	10,256	11,604	11,464
<b>Public Works:</b>										
Street resurfacing (miles)	2.5	9.4	3	5	-	-	4	2	9	-
Sewers new connections	31	15	74	91	4	3	18	19	34	6
Average daily sewer treatment (in 1000 gallons)	7450	7450	7,400	7,400	7,500	7,700	7,800	7,320	6,900	6,300
<b>Parks &amp; Recreation:</b>										
Number of recreation classes	796	1,441	908	802	517	415	420	257	242	452
Number of facility rentals	1,158	1,285	1,086	1,240	1,008	1,036	717	706	795	470

Source: City of Baldwin Park

**City Of Baldwin Park**  
**Capital Assets Statistics By Function (Unaudited)**  
**Last Ten Fiscal Years**

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	29	26	50	44	44	44	45	43	42	39
<b>Public Works:</b>										
Streets (miles)	119	119	119	119	119	119	119	118	118	118
Streetlights	521	521	519	515	505	505	505	490	480	480
Traffic signals	77	77	74	73	71	68	68	65	64	64
<b>Parks &amp; Recreation:</b>										
Parks	4	4	4	4	4	4	5	5	5	5
Swimming pools	1	1	1	1	1	1	1	1	1	1
Community centers	3	3	3	3	3	3	3	3	3	3

**City Of Baldwin Park  
Per Capita Cost – General Governmental  
Expenditures By Function (Unaudited)  
Last Ten Fiscal Years**

Fiscal Year Ended	(1) Population	General Government	Public Safety	Public Works	Community Services and Capital Outlay	Debt Service	Other	Total
2009	81,144	\$ 37	\$ 211	\$ 84	\$ 159	\$ 114	\$ 53	658
2010	81,604	35	209	72	112	95	132	655
2011	75,830	36	226	71	165	43	56	597
2012	76,315	42	238	96	160	68	51	655
2013	76,715	34	230	128	83	71	49	595
2014	76,749	38	223	90	144	42	49	586
2015	74,738	61	229	130	43	43	45	586
2016	75,537	83	252	185	25	44	70	551
2017	76,463	97	258	178	98	44	149	823
2018	76,708	120	285	177	26	157	66	830

Notes: Includes all Governmental Fund Types (General, Special Revenue, Capital Projects, and Debt Service Funds), including the Baldwin Park Redevelopment Agency and the Baldwin Park Housing Authority.

(1) Population figures were obtained from the State of California Department of Finance.

Source: City of Baldwin Park Department of Finance, except where noted above.



**City Of Baldwin Park  
Construction Activity (Unaudited)  
Last Ten Fiscal Years**

Year Ended	New Construction and Alterations			Total	Demolitions	New Value of Construction
	Residential	Commercial	Industrial (1)			
2009	\$ 6,442,950	\$ 7,425,132	\$ 172,000	\$ 14,040,082	\$ 129,256	\$ 13,910,826
2010	8,046,015	5,871,449	203,800	14,121,264	133,280	13,987,984
2011	9,559,585	5,748,912	-	15,308,497	251,948	15,056,549
2012	10,783,927	4,307,933	83,000	15,174,860	172,610	15,002,250
2013	4,120,244	2,929,502	620,000	7,669,746	276,221	7,393,525
2014	4,456,750	2,995,497	30,000	7,482,247	117,498	7,364,749
2015	9,729,899	5,667,731	1,118,500	16,516,130	45,936	16,470,194
2016	8,480,809	8,574,903	10,000	17,065,712	264,175	16,801,537
2017	14,811,941	8,881,004	786,499	24,479,444	12,600	24,466,844
2018	21,320,953	5,143,377	3,866,283	30,330,613	77,400	30,253,213

Note (1) The Building Division streamlined the monthly report format and began combining commercial and industrial occupancies as of September 2001.

Source: City of Baldwin Park Department of Community Development.

**City Of Baldwin Park  
Ten Principal Employers (Unaudited)  
June 30, 2018**

Employer	2018			2009		
	Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment	Rank
So. California Permanente Medical Group	1,943	5.835%	1			
Baldwin Park Unified School District	1,903	5.715%	2	1,975	13.224%	1
United Parcel Service Inc.	841	2.526%	3			
Walmart	331	0.994%	4	350	2.343%	3
Baldwin Park City Hall	303	0.910%	5	442	2.959%	2
Lighting Technologies International LLC	185	0.556%	6			
Freudenberg Medical LLC	170	0.511%	7			
Universal Plastic Mold	167	0.502%	8			
Target	161	0.483%	9	200	1.339%	10
Home Depot	149	0.447%	10	160	1.071%	13
Total	<u>6,153</u>	<u>18.477%</u>		<u>3,127</u>	<u>20.937%</u>	
Total Employment	<u>33,300</u>	<u>100%</u>		<u>14,935</u>	<u>100%</u>	

Disclaimer: The City of Baldwin Park makes no claims concerning the accuracy of data provided nor assumes any liability resulting from the use of information herein.

Sources: HDL Report of 2009 Principal Employers  
City of Baldwin Park business license estimated data.  
State of California Employment Development Department - Labor Force Information  
State of California Department of Education - Staffing Report

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## APPENDIX C

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the CITY OF BALDWIN PARK (the "City") in connection with the issuance by the City of its \$54,085,000 City of Baldwin Park (Los Angeles County, California) 2019 Taxable Pension Obligation Bonds (the "Bonds"). The Bonds are being issued pursuant to a trust agreement, dated as of March 1, 2019 (the "Trust Agreement"), by and between the City and U.S. Bank National Association, as trustee (the "Trustee"). The City covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

*"Annual Report"* means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

*"Annual Report Date"* means the date that March 1 after the end of the City's fiscal year.

*"Dissemination Agent"* shall mean, initially, Harrell & Company Advisors, LLC, or any successor Dissemination Agent designed in writing by the City and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

*"Fiscal Year"* means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the City as its official fiscal year period under a Certificate of the City filed with the Trustee.

*"MSRB"* means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

*"Official Statement"* means the final official statement executed by the City in connection with the issuance of the Bonds.

*"Participating Underwriter"* means Samuel A. Ramirez & Company, Inc., as the original underwriter of the Bonds.

*"Rule"* means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

*"Significant Events"* means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 1, 2020, with the report for fiscal year 2018-19 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 5 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 5 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial

information and operating data with respect to the City for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

- (1) Table No. 10—Gross Assessed Value of All Taxable Property,
- (2) Table No. 11—Largest Property Taxpayers,
- (3) Table No. 12—Tax Levies and Collections,
- (4) Table No. 13—Total and Net Property Tax Valuations,
- (5) Table No. 14—Tax Revenues by Source,
- (6) Table No. 16—General Fund Balance Sheet,
- (7) Table No. 17—General Fund Statement of Revenues, Expenditures and Changes in Fund Balance,
- (8) Most recent CalPERS report; and
- (9) Most recent OPEB valuation.”

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB’s Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the City or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City or other obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Significant Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Trust Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier "if material." The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event's occurrence is material for purposes of U.S. federal securities law. The City intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.



Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Article VIII of the Trust Agreement is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Date: [Closing Date]

CITY OF BALDWIN PARK

By \_\_\_\_\_  
Chief Executive Officer

ACKNOWLEDGED:

HARRELL & COMPANY ADVISORS, LLC,  
as Dissemination Agent

By \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Baldwin Park

Name of Issue: City of Baldwin Park (Los Angeles County, California) 2019 Taxable Pension Obligation Bonds

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

HARRELL & COMPANY ADVISORS, LLC,  
as Dissemination Agent

By \_\_\_\_\_  
Title \_\_\_\_\_

## APPENDIX D

### FORM OF OPINION OF BOND COUNSEL

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

City Council of the  
City of Baldwin Park  
14403 East Pacific Avenue  
Baldwin Park, California 91706

**OPINION:** \$54,085,000 City of Baldwin Park (Los Angeles County, California) 2019 Taxable Pension Obligation Bonds

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Members of the City Council:

We have acted as bond counsel to the City of Baldwin Park (the "City") in connection with the issuance by the City of \$54,085,000 principal amount of City of Baldwin Park (Los Angeles County, California) 2019 Taxable Pension Obligation Bonds (the "Bonds"), pursuant to the provisions of Articles 9 and 11 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act"), a Trust Agreement, dated as of March 1, 2019, by and between the City and U.S. Bank National Association, as trustee (the "Trust Agreement"), and a resolution adopted by the City Council of the City on August 15, 2018 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Trust Agreement, the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The City is duly created and validly existing as a general law city and municipal corporation with power to enter into the Trust Agreement, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Bonds constitute legal, valid and binding obligations of the City enforceable in accordance with their terms and payable solely from the sources provided therefor in the Trust Agreement.

3. The Trust Agreement has been duly authorized, executed and delivered by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

4. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Trust Agreement may be subject to the bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

## **APPENDIX E**

### **THE BOOK-ENTRY SYSTEM**

*The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange

Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The information contained on such Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds and distributions on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption



proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.