

CITY OF ARTESIA, CALIFORNIA

Annual Financial Report

For the fiscal year ended June 30, 2018

Ali Sajjad Taj, Mayor

Sally Flowers
Mayor Pro Tem

Miguel Canales
Council Member

Victor Manalo
Council Member



Tony Lima
Council Member

William Rawlings, City Manager

CITY OF ARTESIA
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2018

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Organization Chart.....1
Principal Officials.....2

II. FINANCIAL SECTION

A. Independent Auditor’s Report3
B. Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Position5
 Statement of Activities6
 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet.....9
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position10
 Statement of Revenues, Expenditures, and Changes in Fund Balances.....11
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds to the Statement
 of Activities.....12
 Proprietary Funds:
 Statement of Net Position13
 Statement of Revenues, Expenses, and Changes in Net Position14
 Statement of Cash Flows15
 Fiduciary Funds:
 Statement of Fiduciary Net Position17
 Statement of Changes in Net Position – Private-Purpose Trust Fund.....18
 Notes to Basic Financial Statements19
D. Required Supplementary Information:
 Schedule of Proportionate Share of Net Pension Liability – City Misc Plan52
 Schedule of Pension Contributions – City Misc Plan.....53
 Schedule of Changes in Total OPEB Liability and Related Ratios.....54
 Schedule of OPEB Employer Contributions55
 Note to Required Supplementary Information56

 General Fund – Schedule of Revenues, Expenditures, and Changes in
 Fund Balance – Budget and Actual.....57
E. Other Supplemental Information
 Capital Projects Fund – Schedule of Revenues, Expenditures, and Changes in
 Fund Balance – Budget and Actual59

CITY OF ARTESIA
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2018

TABLE OF CONTENTS

II. FINANCIAL SECTION (Continued)

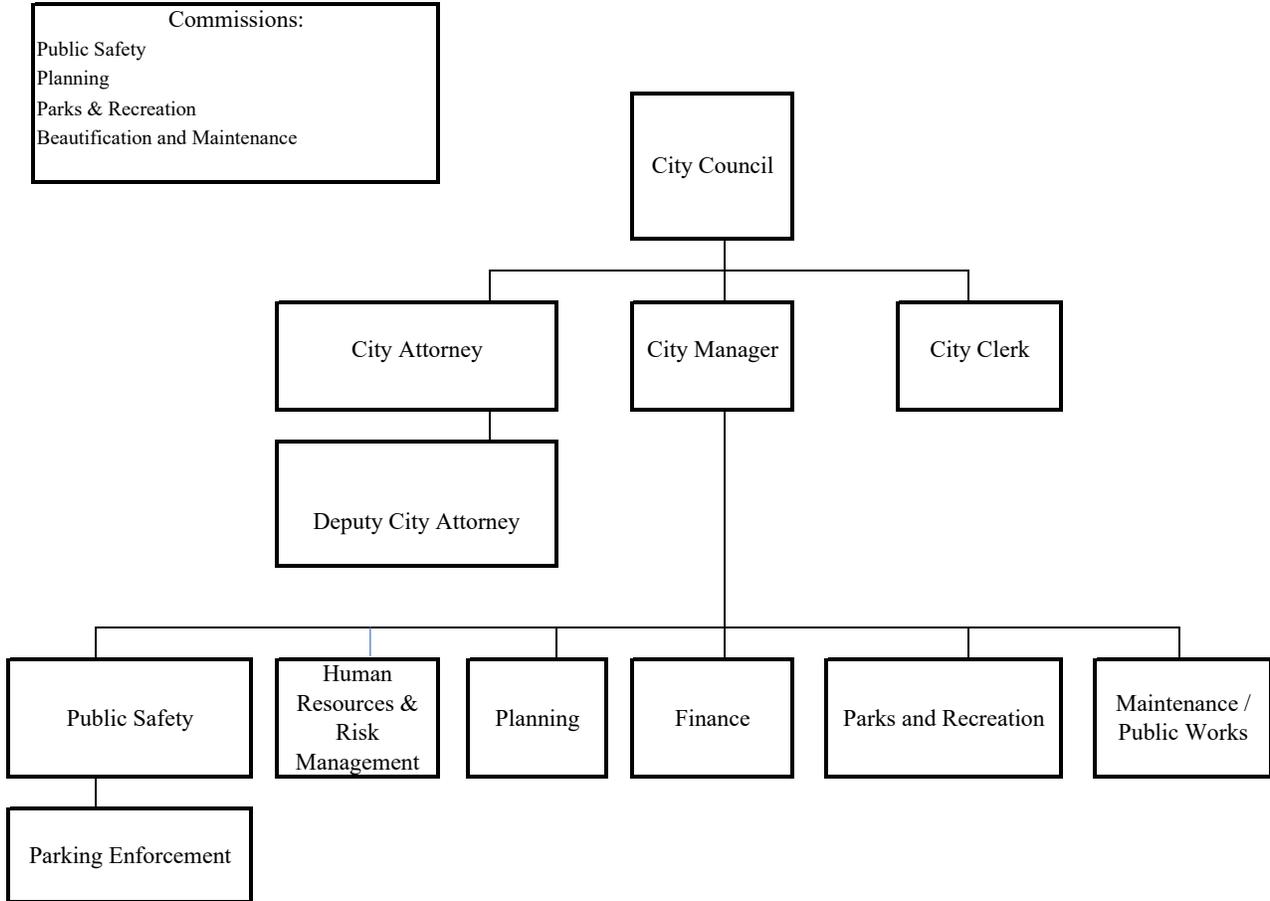
Nonmajor Governmental Funds

Combining Balance Sheet	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	63
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
Gas Tax Special Revenue Fund	65
CDBG Special Revenue Fund.....	66
Proposition A Special Revenue Fund	67
Proposition C Special Revenue Fund	68
Air Quality Special Revenue Fund.....	69
California Beverage Recycling Special Revenue Fund	70
C.O.P.S. Special Revenue Fund.....	71
Measure R Special Revenue Fund.....	72
Housing Authority Special Revenue Fund.....	73
Agency Funds.....	75
Combining Statement of Net Position	76
Combining Statement of Changes in Net Position	77

CITY OF ARTESIA, CALIFORNIA

Organizational Chart

June 30, 2018



CITY OF ARTESIA, CALIFORNIA
 List of Principal Officials
 2017-2018

<u>Elected Officials</u>	<u>Term Expires</u>
Mayor: Ali Sajjad Taj	November 2020
Mayor Pro Tem: Sally Flowers	November 2018
Council Members: Victor Manalo Tony Lima Miguel Canales	November 2018 November 2020 November 2020
 <u>Administrative Staff</u>	
City Manager: * William Rawlings	November 2013
City Attorney: * Serita Young	March 2016
City Clerk: Ernesto Sanchez	June 2018
Fire Chief: ** Daryl L. Osby	February 2011
Sheriff: *** Jim McDonnell	December 2014
Planning Director: Okina Dor	June 2010
Parks and Recreation Manager: David Coleman	March 2017
City Treasurer: Melissa Burke	June 2017

* Appointed by City Council

** Appointed by Los Angeles County Fire District

*** Appointed by Los Angeles County Sheriff Department



PARTNERS

RONALD A. LEVY, CPA
CRAIG A. HARTZHEIM, CPA
HADLEY Y. HUI, CPA
ALEXANDER C. HOM, CPA
ADAM V. GUISE, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Members of the City Council
City of Artesia, 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 City of Artesia, California as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

Opinions

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparison schedules for the General and major special revenue funds, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Pension Contributions, Schedule of Changes in Total OPEB Liability and Related Ratios and Schedule of OPEB Employer Contributions to be presented to supplement the basic financial statements. Management has chosen not to present a Management's Discussion and Analysis. 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 Artesia's basic financial statements. The introductory section, governmental, proprietary, and individual non-major fund information, major capital project fund budgetary comparison schedule, and combining fiduciary fund financial statement are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The governmental combining and individual non-major fund information, major capital project fund budgetary comparison schedule, and fiduciary fund financial statements 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 governmental combining and individual non-major fund information, major capital project fund budgetary comparison schedule, and fiduciary fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
April 29, 2021

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Generally accepted accounting principles (GAAP) for state and local governments prescribe two basic government-wide financial statements:

- Statement of Net Position
- Statement of Activities and Changes in Net Position

The government-wide financial statements include all governmental and business-type activities of the City of Artesia. Their purpose is to summarize the City's consolidated financial activities and position. The government-wide financial statements are prepared on a full accrual basis (including depreciation) similar to a private business entity.

Statement of Net Position is the basic government-wide statement of position. A statement of position presents all of an entity's assets, deferred outflows, liabilities, deferred inflows, and net position (equity). The presentation is referred to as the *statement of net position* (rather than *balance sheet*), and the difference between assets, deferred outflows, liabilities, and deferred inflows is referred to as *net position* (rather than *equity*).

GAAP require the City's governmental activities be reported separately from its business-type activities. In general, governmental activities include activities reported in the general, special revenue, and capital projects funds. The City's government-wide statement of net position provides a column for the governmental activities.

The difference of assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide statement of net position is referred to as *net position*. Net position is categorized as follows:

- Net investment in capital assets
- Restricted
- Unrestricted

Statement of Activities and Changes in Net Position is used to report changes in net position reported on the government-wide statement of net position. The government-wide statement of activities presents expenses before revenues. This emphasizes that in the public sector, revenues are generated for the express purpose of providing services rather than as an end in themselves.

The first column of the government-wide statement of activities present the direct expenses associated with each of the City's functional activities:

- General government
- Public safety
- Parks and recreation
- Public works
- Community development

The government-wide statements include the financial activities of the City of Artesia and its blended component units (Artesia Housing Authority and Artesia Parking Authority).

City of Artesia
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and investments	\$ 14,250,125	\$ 1,341,695	\$ 15,591,820
Receivables:			
Accounts	1,360,065	7,257	1,367,322
Loan	40,373		40,373
Prepaid items	29,364		29,364
Capital assets:			
Nondepreciable assets	6,506,490		6,506,490
Depreciable assets, net	16,459,029	623,339	17,082,368
Total capital assets	22,965,519	623,339	23,588,858
Total assets	38,645,446	1,972,291	40,617,737
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - Pension related	595,106		595,106
Total deferred outflows of resources	595,106		595,106
LIABILITIES			
Accounts payable	743,977	17,851	761,828
Deposits payable	76,010	45,566	121,576
Noncurrent liabilities:			
Net postemployment benefit obligation	6,028,289		6,028,289
Net pension liability	2,015,175		2,015,175
Due within one year	15,000		15,000
Due in more than one year	289,358		289,358
Total liabilities	9,167,809	63,417	9,231,226
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow - Pension related	1,185,093		1,185,093
Total deferred inflows of resources	1,185,093		1,185,093
NET POSITION			
Net investment in capital assets	22,965,519	623,339	23,588,858
Restricted for:			
Public safety	746,790		746,790
Street projects	2,094,897		2,094,897
Housing	473,869		473,869
Other purposes	510,571		510,571
Total restricted	3,826,127		3,826,127
Unrestricted	2,096,004	1,285,535	3,381,539
Total net position	\$ 28,887,650	\$ 1,908,874	\$ 30,796,524

See accompanying Notes to Basic Financial Statements.

City of Artesia
Statement of Activities
For the fiscal year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 2,522,576	\$ 598,180	\$ 924,466	\$ -	\$ 1,522,646
Public safety	3,803,083	175,612			541,080
Parks and recreation	1,341,013	49,693		344,864	49,693
Public works	2,244,145		331,917	330,143	662,060
Community development	544,246	95,836	46,640		142,476
Total governmental activities	10,455,063	919,321	1,323,627	675,007	2,917,955
Business-type activities:					
Residential refuse		7,387			7,387
Parking	174,845	163,427			163,427
Artesia Towne Center	252,972	543,057			543,057
Total business-type activities	427,817	713,871			713,871
Total primary government	\$ 10,882,880	\$ 1,633,192	\$ 1,323,627	\$ 675,007	\$ 3,631,826

General revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Motor vehicle license fee collection in excess - unrestricted

Use of money and property

Other

Total general revenues

Change in net position

Net position - beginning of fiscal year

Prior period adjustment

Net position - beginning of fiscal year, restated

Net position - end of fiscal year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (999,930)	-	\$ (999,930)
(3,262,003)		(3,262,003)
(1,291,320)		(1,291,320)
(1,582,085)		(1,582,085)
(401,770)		(401,770)
(7,537,108)		(7,537,108)
	7,387	7,387
	(11,418)	(11,418)
	290,085	290,085
	286,054	286,054
(7,537,108)	286,054	(7,251,054)
1,809,817		1,809,817
423,928		423,928
3,690,349		3,690,349
766,423		766,423
618,198		618,198
79,847		79,847
8,852		8,852
462,724		462,724
94,258		94,258
7,954,396		7,954,396
417,288	286,054	703,342
31,496,329	1,622,820	33,119,149
(3,025,967)		(3,025,967)
28,470,362	1,622,820	30,093,182
\$ 28,887,650	\$ 1,908,874	\$ 30,796,524

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements
Proprietary Fund Financial Statements
Fiduciary Fund Financial Statements

**GOVERNMENTAL FUND
FINANCIAL STATEMENTS**

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Generally accepted accounting principles (GAAP) for state and local governments prescribe the following basic governmental fund financial statements:

- Balance Sheet
- Statement of Revenues, Expenditures, and Changes in Fund Balances

The governmental fund financial statements include all the major individual governmental funds and the total of non-major funds of the City of Artesia. The governmental fund financial statements are prepared on the modified accrual basis. The major governmental funds of the City are as follows:

General Fund accounts for the revenues and expenditures used to carry out basic governmental activities of the City such as general government, public safety, parks and recreation, public works, and community development. Revenue is recorded by source (e.g., taxes, licenses and permits, intergovernmental, charges for services and fines and forfeits). General Fund expenditures are made primarily for current day-to-day operations and operating equipment. They are recorded by major functional classification and operating departments. This fund accounts for all financial transactions not properly accounted for in another fund.

Capital Projects is a capital project fund and accounts for funds received that have a broader discretionary use by the City Council for capital improvements.

Budgetary comparison schedule for the General fund is included in the required supplementary section. Budgetary comparison schedules for the capital projects fund and individual non-major funds are located in the supplemental information section of the financial statements.

City of Artesia
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Capital Projects	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 8,387,037	\$ 1,991,498	\$ 3,871,590	\$ 14,250,125
Receivables:				
Accounts	860,722	11,277	488,066	1,360,065
Loan		40,373		40,373
Prepaid items	22,301		7,063	29,364
Due from other funds	548,502			548,502
Total assets	\$ 9,818,562	\$ 2,043,148	\$ 4,366,719	\$ 16,228,429
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 651,768	\$ -	\$ 92,209	\$ 743,977
Deposit payable	14,115		61,895	76,010
Due to other funds			548,502	548,502
Total liabilities	665,883		702,606	1,368,489
Deferred Inflow of Resources:				
Unavailable revenues	49,836		15,780	65,616
Total Deferred Inflow of Resources	49,836		15,780	65,616
Fund Balances:				
Nonspendable:				
Prepaid items	22,301		7,063	29,364
Restricted for:				
Housing projects			473,869	473,869
Street projects			357,272	357,272
Transportation projects			2,010,434	2,010,434
Air quality projects			732,408	732,408
Public safety			178,836	178,836
Committed to:				
Contingency reserve	7,007,490			7,007,490
Assigned to:				
Water District Consolidation Analysis	100,000			100,000
Sanitation District Consolidation Analysis	25,000			25,000
Preliminary Planning Projects	90,000			90,000
Water Tower Project	80,000			80,000
Organizational Development Plan	25,000			25,000
Accrued Leave Reserve	100,000			100,000
Economic Development	25,000			25,000
General Contingencies	123,000			123,000
Measure M	100,000			100,000
Business Façade Improvements	25,000			25,000
Business Improvement District	125,000			125,000
City Facility Improvements	80,000			80,000
CERT Training	25,000			25,000
Vehicle & Equipment Replacement	95,000			95,000
Specific Plan Development	50,000			50,000
General Plan Update	30,000			30,000
Street projects	230,000	2,043,148		2,273,148
CalPERS Net Pension Unfunded Liability	105,000			105,000
CalPERS Net Retiree Health Unfunded Liability	100,000			100,000
Unassigned	540,052		(111,549)	428,503
Total fund balances	9,102,843	2,043,148	3,648,333	14,794,324
Total liabilities and fund balances	\$ 9,818,562	\$ 2,043,148	\$ 4,366,719	\$ 16,228,429

See accompanying Notes to Basic Financial Statements.

City of Artesia
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

Total Fund Balances - Total Governmental Funds	\$ 14,794,324
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the governmental funds. Nondepreciable assets and depreciable assets net of accumulated depreciation totals:	<u>22,965,519</u>
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds.	
Compensated absences	(304,358)
Other postemployment benefits payable	<u>(6,028,289)</u>
Total long-term liabilities	<u>(6,332,647)</u>
Pension related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pension are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities.	
Deferred outflows of resources	595,106
Deferred inflows of resources	(1,185,093)
Pension liability	<u>(2,015,175)</u>
Total pension related items	<u>(2,605,162)</u>
Certain revenues were recorded as deferred inflows of resources in the governmental funds because they did not meet the revenue recognition criteria. However, they were treated as revenues in the Government-Wide Financial Statements.	<u>65,616</u>
Net Position of Governmental Activities	<u>\$ 28,887,650</u>

See accompanying Notes to the Basic Financial Statements.

City of Artesia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2018

	General Fund	Capital Project Fund Capital Projects	Non-major Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 6,481,093	\$ -	\$ 916,321	\$ 7,397,414
Licenses and permits	528,133			528,133
Intergovernmental	924,466		972,312	1,896,778
Charges for services	267,596	18,631		286,227
Use of money and property	326,543	3,241	132,940	462,724
Fines and forfeitures	156,981			156,981
Other revenues	1,767		92,491	94,258
Total revenues	8,686,579	21,872	2,114,064	10,822,515
EXPENDITURES:				
Current:				
General government	2,685,439		92	2,685,531
Public safety	3,578,078		188,163	3,766,241
Parks and recreation	1,097,895		102,415	1,200,310
Public works	1,080,712		363,519	1,444,231
Community development	360,601		183,645	544,246
Capital outlay	190,104	12,850	376,620	579,574
Total expenditures	8,992,829	12,850	1,214,454	10,220,133
REVENUES OVER (UNDER) EXPENDITURES	(306,250)	9,022	899,610	602,382
OTHER FINANCING SOURCES (USES):				
Transfers in			35,597	35,597
Transfers out	(35,597)			(35,597)
Total other financing sources (uses)	(35,597)		35,597	
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(341,847)	9,022	935,207	602,382
FUND BALANCES:				
Beginning of fiscal year	9,444,690	2,034,126	2,713,126	14,191,942
End of fiscal year	\$ 9,102,843	\$ 2,043,148	\$ 3,648,333	\$ 14,794,324

See accompanying Notes to Basic Financial Statements.

City of Artesia

Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position For the fiscal year ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 602,382

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over the estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period:

Capital outlay	579,574
Less: Repairs and Maintenance	(109,793)

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure in the governmental funds. (776,637)

Compensated absences and other postemployment benefits were reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. Therefore, they were not reported as an expenditure in the governmental funds.

Change in compensated absences	(50,955)
Change in other postemployment benefits	(202,286)

Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability and related change in pension amounts for deferred outflows of resources and deferred inflows of resources. 325,167

Certain revenues were recorded as deferred inflows of resources in the governmental funds because they did not meet the revenue recognition criteria of availability. However, they were included as revenue in the Governmental-Wide Statement of Activities and Changes in Net Position under the full accrual basis. 49,836

Change in Net Position of Governmental Activities \$ 417,288

See accompanying Notes to the Basic Financial Statements.

**PROPRIETARY FUND
FINANCIAL STATEMENTS**

PROPRIETARY FUND FINANCIAL STATEMENTS

Generally accepted accounting principles (GAAP) for state and local governments prescribe following basic proprietary fund financial statements:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

The proprietary fund financial statements include the major Residential Refuse Service, Paid Parking, and Artesia Towne Center enterprise funds of the City of Artesia.

The proprietary financial statements are prepared on a full accrual basis (including depreciation) similar to a private business entity.

Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises. The intent is to recover costs of operation on a continuing basis through user charges.

Residential Refuse Service is used to account for the operation of the City's trash hauling service. The intent of this fund is to recover costs of operation and capital maintenance (depreciation).

Paid Parking is used to account for the operation of the City's paid parking program.

Artesia Towne Center is used to account for the operation of the City's Artesia Towne Center. The intent of this fund is to account for the rental income and maintenance expenditures of the Artesia Towne Center.

City of Artesia
Statement of Net Position
Proprietary Funds
June 30, 2018

	Residential Refuse Service	Paid Parking	Artesia Towne Center	Total
ASSETS				
Current assets:				
Cash and investments	\$ 71,008	\$ 596,471	\$ 674,216	\$ 1,341,695
Receivables:				
Accounts	82	7,050	125	7,257
Total current assets	<u>71,090</u>	<u>603,521</u>	<u>674,341</u>	<u>1,348,952</u>
Noncurrent assets:				
Capital assets:				
Machinery and equipment		249,110		249,110
Infrastructure		561,203		561,203
Less:				
Accumulated depreciation		(186,974)		(186,974)
Total noncurrent assets		<u>623,339</u>		<u>623,339</u>
Total assets	<u>71,090</u>	<u>1,226,860</u>	<u>674,341</u>	<u>1,972,291</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts payable		8,982	8,869	17,851
Deposit payable			45,566	45,566
Total liabilities		<u>8,982</u>	<u>54,435</u>	<u>63,417</u>
Net position:				
Net investment in capital assets		623,339		623,339
Unrestricted	71,090	594,539	619,906	1,285,535
Total net position	<u>\$ 71,090</u>	<u>\$ 1,217,878</u>	<u>\$ 619,906</u>	<u>\$ 1,908,874</u>

See accompanying Notes to Basic Financial Statements.

City of Artesia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2018

	Residential Refuse Service	Paid Parking	Artesia Towne Center	Total
OPERATING REVENUES:				
Charges for services	\$ 7,387	\$ 154,699	\$ 535,139	\$ 697,225
Use of money and property		8,728	7,918	16,646
Total revenues	<u>7,387</u>	<u>163,427</u>	<u>543,057</u>	<u>713,871</u>
OPERATING EXPENSES:				
Personnel		60,292	56,958	117,250
Materials and supplies		79,649	196,014	275,663
Depreciation		34,904		34,904
Total expenses		<u>174,845</u>	<u>252,972</u>	<u>427,817</u>
Change in net position	7,387	(11,418)	290,085	286,054
NET POSITION:				
Beginning of fiscal year	63,703	1,229,296	329,821	1,622,820
End of fiscal year	<u>\$ 71,090</u>	<u>\$ 1,217,878</u>	<u>\$ 619,906</u>	<u>\$ 1,908,874</u>

See accompanying Notes to Basic Financial Statements.

City of Artesia
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2018

	Residential Refuse Service	Paid Parking	Artesia Towne Center	Totals
Cash flows from operating activities:				
Cash received from customers, users and grants	\$ 8,508	\$ 163,061	\$ 552,643	\$ 724,212
Cash paid to suppliers for goods and services		(121,921)	(205,853)	(327,774)
Cash paid to employees for services		(60,292)	(56,958)	(117,250)
Net cash provided (used) by operating activities	<u>8,508</u>	<u>(19,152)</u>	<u>289,832</u>	<u>279,188</u>
Net increase (decrease) in cash and cash equivalents	<u>8,508</u>	<u>(19,152)</u>	<u>289,832</u>	<u>279,188</u>
Cash and cash equivalents beginning of fiscal year	<u>62,500</u>	<u>615,623</u>	<u>384,384</u>	<u>1,062,507</u>
Cash and cash equivalents end of fiscal year	<u>\$ 71,008</u>	<u>\$ 596,471</u>	<u>\$ 674,216</u>	<u>\$ 1,341,695</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	<u>\$ 7,387</u>	<u>\$ (11,418)</u>	<u>\$ 290,085</u>	<u>\$ 286,054</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation		34,904		34,904
Change in operating assets and liabilities:				
Decrease (increase) in accounts receivable	1,121	(366)	9,586	10,341
Decrease (increase) in prepaid			420	420
Increase (decrease) in accounts payable		(42,272)	(10,259)	(52,531)
Total adjustments	<u>1,121</u>	<u>(7,734)</u>	<u>(253)</u>	<u>(6,866)</u>
Net cash provided (used) by operating activities	<u>\$ 8,508</u>	<u>\$ (19,152)</u>	<u>\$ 289,832</u>	<u>\$ 279,188</u>

See accompanying Notes to Basic Financial Statements.

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**FIDUCIARY FUND
FINANCIAL STATEMENTS**

FIDUCIARY FUND FINANCIAL STATEMENTS

Generally accepted accounting principles (GAAP) for state and local governments prescribe following basic proprietary fund financial statements:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position

The fiduciary financial statements report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

The fiduciary financial statements are prepared on a full accrual basis (including depreciation) similar to a private business entity.

Successor Agency to the Artesia Redevelopment Agency Private-Purpose Trust Fund accounts for the custodial responsibilities assigned to the Successor Agency to the Artesia Redevelopment Agency.

Agency funds are used to account for assets held by the City as trustee or agent for individuals, private organizations, or other governmental units or funds.

City of Artesia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Successor Agency to the Artesia Redevelopment Agency Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ 727,273	\$ 1,116,263
Cash and investments with fiscal agent	1,147,299	
Receivables:		
Accounts Receivable		20,979
Total assets	\$ 1,874,572	\$ 1,137,242
LIABILITIES		
Accounts payable	\$ -	\$ 28,843
Deposits payable	608,548	1,108,399
Accrued interest payable	71,876	
Long-term debt:		
Due within one year	266,850	
Due in more than one year	13,909,146	
Total liabilities	14,856,420	\$ 1,137,242
NET POSITION:		
Held in trust for other purposes	\$ (12,981,848)	

See accompanying Notes to Basic Financial Statements.

CITY OF ARTESIA
Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Fund - Successor Agency
For the fiscal year ended June 30, 2018

Additions:	
Property taxes	\$ 766,636
Use of money and property	6,464
	<hr/>
Total additions	773,100
	<hr/>
Deductions:	
Community development	8,300
Administrative expenses	237,810
Interest and fiscal charges	883,626
	<hr/>
Total deductions	1,129,736
	<hr/>
Change in net position	(356,636)
Net position - beginning	(12,625,212)
	<hr/>
Net position - ending	\$ (12,981,848)
	<hr/> <hr/>

See accompanying Notes to Basic Financial Statements.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Artesia, California (City), have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Description of Reporting Entity

The City was incorporated on May 29, 1959, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. The City is governed by an elected five-member board. The accompanying financial statements present the City and its component units defined as legally separate entities that meet any one of the following tests:

- The City appoints the voting majority of the board of the component unit and:
 - is able to impose its will on the component unit and/or
 - is in a relationship of financial benefit or burden with the component unit.
- The component unit is fiscally dependent upon the City.
- The financial statements of the City would be misleading if data from the component unit were omitted.

Artesia Housing Authority - The five members of the City Council serve as the governing body of the Housing Authority and exercise all rights, powers, duties and privileges of the Housing Authority. The Mayor serves as the Chairperson of the Housing Authority. The purpose of the Housing Authority is to prepare and execute plans for housing projects within the City. The activity of this blended component unit is reported in the Housing Authority Special Revenue Fund.

Artesia Parking Authority - The five members of the City Council serve as the governing body of the Parking Authority and exercise all rights, powers, duties and privileges of the Parking Authority. The Mayor serves as the Chairperson of the Parking Authority. The purpose of the Parking Authority is to prepare and execute plans for parking projects within the City. The activity of this blended component unit is reported in the Paid Parking Proprietary Fund.

Separate financial statements are not prepared for the Housing Authority or the Parking Authority. These component units are included in the primary government because of the significance of their financial or operation relationship and they have the same governing body as the City.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities and the business-type activity for the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from the business-type activity, which relies to a significant extent on fees and charges for support. Fiduciary activities of the City are not included in these statements.

Government-Wide Financial Statements

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities and Changes in Net Position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expenses reported for specific functions.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function
- Operating grants and contributions that are restricted to meeting the operational requirements of a given function
- Capital grants and contributions that are restricted to meeting the capital requirements of a given function

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, including due to/from other funds and transfers in/out.

Governmental Funds Financial Statements

Governmental Funds Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Funds Financial Statements, Continued

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual received soon enough after fiscal year-end such that they are available to finance expenditures of the current period (generally 60 days after fiscal year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the unavailable revenue is removed from the Balance Sheet and revenue is recognized. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when the government has a legal claim to the resources, the unearned revenue is removed from the Balance Sheet and revenue is recognized.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences between the “*economic resources*” and “*current financial resources*” basis of accounting.

Proprietary Funds Financial Statements

Proprietary Funds Financial Statements include a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. Proprietary funds are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) associated with the activity are included on the Statement of Net Position. The reported fund equity presents total net position. The operating statement of the proprietary fund presents increases (revenues) and decreases (expenses) in total net position. Revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Funds Financial Statements (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's residential refuse service proprietary fund is charges to customers for services. The primary operating expense includes payments to the refuse service provider for the cost of these services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent a private purpose trust fund and agency funds. The private purpose trust fund is reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for using the accrual basis of accounting.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.
- The Capital Projects Capital Projects Fund's primary function is to account for funds received that have a broader discretionary use by the City Council for capital improvements.

The City reports the following major proprietary funds:

- The Residential Refuse Service Proprietary Fund's primary function is to account for the operations of the City's trash hauling service.
- The Paid Parking Proprietary Fund's primary function is to account for paid parking in the City of Artesia.
- The Artesia Towne Center Proprietary Fund's primary function is to account for rent and maintenance associated with the Artesia Towne Center.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

The City also reports the following funds:

- The Special Revenue Funds are used to account for the revenues derived from specific revenue sources, which are usually required by law or administrative regulation to be account for in separate funds.
- The Private Purpose Trust Fund is used to account for the activities of the Successor Agency to the Artesia Redevelopment Agency.
- The Agency Funds are used to account for assets held by the City as an agent for individuals, private business and other governmental agencies for the George Nelson Memorial and Senior Citizens activities and programs.

C. New Accounting Pronouncements

Current Year Standards

Governmental Accounting Standards Board Statement No. 75

GASB has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which was effective for fiscal years beginning after June 15, 2017.

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

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. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. New Accounting Pronouncements, Continued

Future GASB Pronouncements

GASB Statements listed below will be implemented in future financial statements.

The provisions of Statement Number 83 "Certain Asset Retirement Obligations" are effective for fiscal years beginning after June 15, 2018.

The provisions of Statement Number 84 "Fiduciary Activities" are effective for fiscal years beginning after December 15, 2018.

The provisions of Statement Number 87 "Leases" are effective for fiscal years beginning after December 15, 2019,

The provisions of Statement Number 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements" are effective for fiscal years beginning after June 15, 2018.

The provisions for Statement Number 89 "Accounting for Interest Cost Incurred before the End of a Construction Period" are effective for fiscal years beginning after December 15, 2019.

The provisions for Statement Number 90 "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61" are effective for fiscal years beginning after December 15, 2018.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City, as well as for its component units, are reported at fair value. The Local Agency Investment Fund (LAIF) operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds".

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, Continued

Receivables and Payables, Continued

All account and property tax receivables are shown net of an allowance for uncollectibles. Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due, and receivable within the current period and collected within the current period, or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each fiscal year and are delinquent on August 31.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The fund balances in the governmental fund types have been reported as nonspendable for amounts equal to the prepaid items in the fund level statements, since these amounts are not available for appropriation.

Capital Assets

Capital assets, which include property, buildings, vehicles, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure assets have a capitalization threshold of \$5,000. Purchased or constructed capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Buildings	50 years
Improvements other than buildings	15 years
Vehicles and equipment	3 - 10 years
Infrastructure	25 years

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, Continued

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and the governmental and proprietary funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first item is unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years. The third item is a deferred inflow related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2013 (the beginning of the measurement period ended June 30, 2015), which is 3.8 years.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than 40 days of vacation time. Sick leave is payable when an employee is unable to work because of illness. Upon termination, an employee will be paid for any unused vacation and sick leave based upon 100% of the current wage rate in effect.

All vacation and sick leave pay is accrued when incurred in the Government-Wide 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. Compensated absences are paid, if matured, out of the General Fund.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, Continued

Long-Term Obligations

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and 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 debt proceeds received, are reported as debt service expenditures.

Net Position

In the Government-Wide Financial Statements and the Proprietary Fund Statement of Net Position, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by enabling legislation, external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, Continued

Fund Balances

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable - Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted - Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City and the adoption of a formal resolution is required to establish a fund balance commitment.

The City has a contingency reserve to address major unforeseen expenditures such as damage to facilities or infrastructure. The reserve was established by the City Council through resolution 16-2606 and requires a four-fifths vote to expend the funds. The balance of this reserve as of June 30, 2018 was \$7,007,490.

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the City Manager for that purpose.

Unassigned - This category is for any balances that have no restrictions placed upon them. The general fund is the only fund that reports a positive unassigned fund balance amount.

Governmental Fund Balance

When expenditures are incurred for purposes for which all restricted, committed, assigned, and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

- Restricted
- Committed
- Assigned
- Unassigned

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

2. CASH AND INVESTMENTS, Continued

Investments Authorized by the California Government Code and the City's Investment Policy

The City's Investment Policy is reviewed and adopted by the City Council each year. Regarding allowable investment types, the investment policy is more conservative and restrictive than the investment vehicles authorized by Section 53600.5 of the California Government Code. Investment vehicles not specifically mentioned in the City's investment policy, are not authorized unless the policy is amended by the City Council or is approved as part of the provisions of the bond indentures. Investments are limited to:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Notes	5 years	None	None
United States Government Sponsored Agency Securities:			
Treasury Bills	1 year	None	None
Treasury Bonds	5 years	None	None
Certificates of Deposit	5 years	30%	None
Passbook Savings Accounts	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$65,000,000
N/A - Not Applicable			

* - Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk and concentration of credit risk.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	None	None	None
United States Government Sponsored Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None
Certificates of Deposit	None	None	None

N/A - Not Applicable

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

2. CASH AND INVESTMENTS, Continued

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

<u>Investment Type</u>	Remaining Maturity (in Years) <u>1 Year or Less</u>
Local Agency Investment Fund (LAIF)	\$ 16,958,960
Held by Fiscal Agent:	
Money market mutual funds	<u>1,147,299</u>
	<u>\$ 18,106,259</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, by Standards and Poor, as of fiscal year end for each investment type:

<u>Investment Type</u>	Total as of June 30, 2018	Minimum Legal Rating	AAA	Not Rated
Local Agency Investment Fund (LAIF)	\$ 16,958,960	N/A	\$ -	\$ 16,958,960
Held by Fiscal Agent:				
Money market mutual funds	<u>1,147,299</u>	A	<u>1,147,299</u>	
	<u>\$ 18,106,259</u>		<u>\$ 1,147,299</u>	<u>\$ 16,958,960</u>

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer; however, external investment pools are excluded from this requirement. At June 30, 2018, the City's investments were with LAIF and money market mutual funds held by fiscal agent which are exempt from this requirement.

2. CASH AND INVESTMENTS, Continued

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2018, the City deposits (bank balances) were insured by the Federal Deposit Insurance Corporation or collateralized as required under California Law, with the exception of cash held by fiscal agent. Of the \$1,147,299 of cash held by fiscal agent, \$250,000 is insured by the Federal Deposit Insurance Corporation (FDIC) and the remaining \$897,299 was neither insured by the FDIC nor collateralized as required under California law.

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. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy establish by accounting principles generally accepted in the United States of America. These principles recognize a three tiered fair value hierarchy as follows: Level 1 - Investments reflect prices quoted in active markets; Level 2 - Investments reflect prices that are based on similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and Level 3 - Investments reflect prices based upon unobservable sources. The City has marketable securities that are measured with recurring fair value measurements as of June 30, 2018 and are valued using quoted market prices (level 1 inputs). The City's investment in the State Investment Pool (LAIF) and money market mutual funds exempt from fair value measurements disclosure.

3. LOAN RECEIVABLE

In November 1989, the City entered into an agreement with the Southern California Water Company for the installation of a domestic water system in an Artesia service area. As part of this agreement, the City loaned the Southern California Water Company \$139,925 with no interest to be repaid over 40 years. At June 30, 2018 the outstanding loan receivable is \$40,373.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance as of July 1, 2017	Additions	Deletions	Transfers	Balance as of June 30, 2018
Governmental Activities					
Nondepreciable capital assets					
Land	\$ 6,233,216	\$ -	\$ -	\$ -	\$ 6,233,216
Construction in progress	4,596,809	286,103		(4,609,638)	273,274
Total nondepreciable capital assets	<u>10,830,025</u>	<u>286,103</u>		<u>(4,609,638)</u>	<u>6,506,490</u>
Depreciable capital assets					
Buildings	1,841,797				1,841,797
Improvements other than buildings	814,210			98,235	912,445
Automobile equipment	446,579	97,726			544,305
Office furniture and equipment	242,449	38,742			281,191
Other equipment	1,018,445	6,162			1,024,607
Infrastructure	15,316,857	41,048		4,511,403	19,869,308
Total depreciable capital assets	<u>19,680,337</u>	<u>183,678</u>		<u>4,609,638</u>	<u>24,473,653</u>
Less accumulated depreciation					
Buildings	(863,047)	(36,875)			(899,922)
Improvements other than buildings	(621,729)	(52,198)			(673,927)
Automobile equipment	(414,898)	(22,384)			(437,282)
Office furniture and equipment	(238,287)	(6,761)			(245,048)
Other equipment	(671,660)	(48,072)			(719,732)
Infrastructure	(4,428,366)	(610,347)			(5,038,713)
Total accumulated depreciation	<u>(7,237,987)</u>	<u>(776,637)</u>			<u>(8,014,624)</u>
Net depreciable capital assets	<u>12,442,350</u>	<u>(592,959)</u>		<u>4,609,638</u>	<u>16,459,029</u>
Net capital assets	<u>\$ 23,272,375</u>	<u>\$ (306,856)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,965,519</u>

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

General government	\$ 35,592
Public works	626,811
Parks and recreation	109,048
Public safety	5,186
Total depreciation expense - governmental activities	<u>\$ 776,637</u>

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

4. CAPITAL ASSETS, Continued

Capital asset activity for the fiscal year ended June 30, 2018, was as follows (continued):

	Balance as of July 1, 2017	Additions	Deletions	Balance as of June 30, 2018
Business-type Activites				
Depreciable capital assets				
Other equipment	\$ 249,110	\$ -	\$ -	\$ 249,110
Infrastructure	561,203			561,203
Total depreciable capital assets	810,313			810,313
Less accumulated depreciation				
Other equipment	(62,278)	(12,456)		(74,734)
Infrastructure	(89,792)	(22,448)		(112,240)
Total accumulated depreciation	(152,070)	(34,904)		(186,974)
Net depreciable capital assets	658,243	(34,904)		623,339
Net capital assets	\$ 658,243	\$ (34,904)	\$ -	\$ 623,339

Depreciation expense was charged to the Paid Parking enterprise fund.

5. LONG-TERM LIABILITIES

The following is a schedule of changes in long-term liabilities of the City for the fiscal year ended June 30, 2018:

	Balance at July 1, 2017	Prior Period Adjustment	Additions	Repayments	Balance at June 30, 2018	Due Within One Year
Governmental Activities:						
Compensated absences	\$ 253,403	\$ -	\$ 206,543	\$ (155,588)	\$ 304,358	\$ 15,000
OPEB	2,800,036	3,025,967	202,286		6,028,289	
Net pension liability	2,605,653		269,072	(859,550)	2,015,175	
Total	\$ 5,659,092	\$ 3,025,967	\$ 677,901	\$ (1,015,138)	\$ 8,347,822	\$ 15,000

Compensated Absences

The compensated absences payable has been accrued for governmental activities on the Government-Wide Financial Statements. Typically, the General Fund has been used to liquidate the liability for compensated absences. There is no fixed payment schedule to pay these liabilities. The total amount of compensated absences payable at June 30, 2018 was \$304,358.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2018, was as follows:

Due To / Due From Other Funds

At June 30, 2018, the City had the following due to/from other funds:

<u>Due To (payable)</u>	<u>Due From (receivable)</u>	<u>Amount</u>
Non-major Governmental Funds	General Fund	\$ 548,502
		<u>\$ 548,502</u>

The above interfund balances resulted from temporary reclassifications made at June 30, 2018 to cover cash shortfalls.

Interfund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Non-major Governmental Fund	\$ 35,597
		<u>\$ 35,597</u>

The General Fund provided matching funds to the non-major Artesia Lighting District Special Revenue Fund.

7. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Deficit Fund Balance

At June 30, 2018, the following fund had a deficit fund balance:

Non-Major Special Revenue Fund:		
Clean Air Bus Grant	\$	(4,998)

The Special Revenue Fund with a deficit fund balance will be reimbursed in future fiscal years for deficits incurred as part of its operations from the General Fund.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

7. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES, Continued

Excess of Expenditures over Appropriations

Excess of expenditures over appropriations occurred at individual departmental levels and major categories during the fiscal year 2018 as follows:

	<u>Actual</u> Amounts	<u>Budgeted</u> Amounts	<u>Excess</u> Expenditures Over Appropriations
Major Funds:			
General Fund:			
General government	\$ 2,685,439	\$ 2,602,497	\$ 82,942
Public safety	3,578,078	3,502,481	75,597
Parks and recreation	1,095,514	981,909	113,605
Capital outlay	190,104		190,104
Capital Projects:			
Capital outlay	12,850		12,850
Non-major Governmental Special Revenue Funds:			
California Beverage Recycling	92		92
C.O.P.S. Grant	188,163	100,000	88,163

Existing resources, including the unassigned fund balance were utilized to fund the excess expenditures over appropriations.

8. RETIREMENT PLANS

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 10 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 Public Employees' Retirement Law.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

8. RETIREMENT PLANS, Continued

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2% @60	2% @62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	8.738%	6.25%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by 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.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability of the City Miscellaneous Plan as follows:

Proportionate Share of Net Pension Liability
<u> </u>
<u>\$ 2,015,175</u>

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

8. RETIREMENT PLANS, Continued

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each Plan as of June 30, 2016 and 2017 was as follows:

	City Miscellaneous Plan
Proportion - June 30, 2016	0.07287%
Proportion - June 30, 2017	0.05112%
Change - Increase (Decrease)	-0.02175%

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$99,359. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 105,958	\$ -
Net differences between projected and actual earnings on pension plan investments	77,268	
Differences based on actual experience	2,754	(39,450)
Differences based on change of assumptions	341,653	(26,051)
Differences between actual vs proportionate contribution		(273,872)
Adjustment due to differences in proportions	67,473	(845,720)
Total	<u>\$ 595,106</u>	<u>\$(1,185,093)</u>

\$105,958 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 fiscal year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

8. RETIREMENT PLANS, Continued

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

Fiscal Year Ended	
<u>June 30,</u>	
2019	\$ (461,912)
2020	(92,603)
2021	(95,555)
2022	(45,875)
Total	<u>\$ (695,945)</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	<u>Miscellaneous</u>
Measurement Date	June 30, 2016
Actuarial Cost Method	June 30, 2017
Actuarial Assumptions:	Entry-Age Normal Cost Method
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.30%-14.20% (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent 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.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

8. RETIREMENT PLANS, Continued

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

Discount Rate, Continued

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as a change in methodology occurs.

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 (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

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

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

8. RETIREMENT PLANS, Continued

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

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

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 3,141,362
Current Discount Rate	7.15%
Net Pension Liability	\$ 2,015,175
1% Increase	8.15%
Net Pension Liability	\$ 1,082,446

Pension Plan Fiduciary Net Position

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

C. Payable to the Pension Plan

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

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City provides retiree medical benefits under the CalPERS health plan, which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Copies of the CalPERS' annual financial report may be obtained at CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Benefits Provided

Employees become eligible to retire under PEMHCA and receive lifetime City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The City contributes 100% of the cost of retiree coverage and 50% of the cost of dependent coverage, for medical and dental insurance. Vision insurance is offered on a self-paid basis. Survivor benefits are paid until all covered dependents are either deceased or no longer eligible because of age limitations.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

9. OTHER POST-EMPLOYMENT BENEFITS, Continued

Eligibility

For employees hired before May 1, 2015 and retiring after that date, the City's contribution will be limited to the Cafeteria Plan contribution on behalf of active employees in the year of retirement. The 2018 contribution cap amounts are \$760 per month for single coverage, \$980 per month for employee plus one, and \$1,275 per month for family coverage.

Employees hired after May 1, 2015 must have at least 10 years of service to be eligible for City-paid retiree health benefits. Benefits for these retirees will be limited to \$560 per month for single coverage, \$730 per month for retiree plus one, and \$975 per month for family coverage. Regardless of date of hire or date of retirement, eligible retirees receive a minimum City contribution equal to the statutory minimum employer contribution under PEMHCA (\$133/mo. for 2018 and \$136/mo. for 2019). The City also pays a 0.23% of premium administrative fee on behalf of employees and retirees.

The table below presents a summary of the basic participant information for the active and retire participants covered under the terms of the Plan.

	Valuation Date <u>June 30, 2018</u>
Participants eligible for OPEB	
Inactive plan members currently receiving payments	28
Active plan members	<u>36</u>
Total	<u><u>64</u></u>

Funding Policy

The contribution requirements of Plan members and the City are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Actuarial Method and Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Discount rate	3.62%
Expected return on plan assets	4.00%
Inflation rate	3.00%
Mortality	Based on assumptions for public Agency Miscellaneous and Police members published in the December 2017 CalPERS Experience Study.
Health care cost trend rate	6.00% for FY2018, gradually decreasing over several decades to an ultimate rate of 5.00% in FY2028 and later years.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

9. OTHER POST-EMPLOYMENT BENEFITS, Continued

Total OPEB Liability

The following tables show the components of the City's annual OPEB cost, the amount paid by the employer as benefits came due, and changes in the OPEB liability for fiscal year June 30, 2018. The City's total OPEB liability of \$6,028,289 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Discount Rate

Per GASB guidance, the single rate that produces the same present of expected benefit payments as 1) the expected long-term rate of return on plan assets during the period when projected assets are sufficient to pay future retiree benefits, and 2) the 20 year municipal bond rate after assets are projected to be exhausted. The Fidelity 20 year Municipal GO AA Index is used because it meets the GASB requirements and is based on a large amount municipal security data.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>	
Balance for fiscal year ending 6/30/17 ¹ (Measured at 6/30/17)	\$	5,826,003
Changes for the year:		
Service cost		211,687
Interest		214,547
Benefits payments ²		<u>(223,948)</u>
Net changes		202,286
Balance for fiscal year ended 6/30/18 ¹ (Measured at 6/30/18)	<u>\$</u>	<u>6,028,289</u>

¹ The City has elected to use the GASB 75 "lookback" method where assets and liabilities are measured as of the prior fiscal year-end but applied to the current fiscal year.

² Benefit payments equal \$33,038 direct subsidy payments to retirees and \$56,216 estimated implicit subsidy costs incurred during the measure period ending June 30, 2017.

There is sensitivity of the total OPEB liability due to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using the discount and trend rate that were 1 percentage point lower or 1 percentage point higher than the current discount and healthcare cost trend rates.

	<u>Total OPEB Liability</u>	
1% decrease in Discount Rate (2.62%)	\$	6,952,085
Current Discount Rate (3.62%)	\$	6,028,289
1% increase in Discount Rate (4.62%)	\$	5,277,752

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

9. OTHER POST-EMPLOYMENT BENEFITS, Continued

Changes in Total OPEB Liability (Continued)

	<u>Total OPEB Liability</u>	
1% decrease in Healthcare Cost Trend Rates	\$	5,410,939
Current Healthcare Cost Trend Rates	\$	6,028,289
1% increase in Healthcare Cost Trend Rates	\$	6,705,810

10. LIABILITY, PROPERTY, AND WORKERS' COMPENSATION PROTECTION

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Artesia is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors which operates through a nine-member Executive Committee.

B. Self-Insurance Programs of the Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability: In the liability program, claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers. For 2015-15, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the

10. LIABILITY, PROPERTY, AND WORKERS' COMPENSATION PROTECTION, Continued

B. Self-Insurance Programs of the Authority, Continued

following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claim for subsidence losses have a sub-limit of \$30 million per occurrence.

Workers' Compensation Coverage: The City of Artesia also participates in the workers' compensation pool administered by the Authority. In the workers' compensation program claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2017-18 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance - The City of Artesia participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Artesia. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the fiscal year ended June 30, 2018. Each member of the Authority has a \$10 million sub-limit during the term of the policy.

Property Insurance - The City of Artesia participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Artesia property is currently insured according to a schedule of covered property submitted by the City of Artesia to the Authority. City of Artesia property currently has all-risk property insurance protection in the amount of \$23,902,157. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

10. LIABILITY, PROPERTY, AND WORKERS' COMPENSATION PROTECTION, Continued

Earthquake and Flood Insurance - The City of Artesia purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Artesia property currently has earthquake protection in the amount of \$22,238,117. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance - The City of Artesia purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were no significant reductions in pooled or insured liability coverage in the fiscal year 2017-18.

11. CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

The California Legislature adopted AB X1 26 in June 2011, adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the California Health and Safety Code. Part 1.8 immediately suspended the power of California redevelopment agencies to engage in most activities, except to implement existing contracts, meet already-incurred obligations, preserve existing assets and prepare for impending dissolution. Pursuant to Part 1.85, all redevelopment agencies in the State were dissolved as of February 1, 2012, and a successor agency was established for each former redevelopment agency to wind-down the affairs of its former redevelopment agency.

Since AB X1 26, there have been several amendments and additions the provisions of Parts 1.8 and 1.85, including among others, AB 1484 adopted in June 2012 and SB 107, adopted in September 2016, after the audited period of these financial statements. Parts 1.8 and 1.85, as amended and supplemented, are referred to below as the "Dissolution Act."

Pursuant to the Dissolution Act, the city which formed a redevelopment agency serves as the successor agency unless the city elects to do otherwise.

On August 29, 2011, the City Council of the City of Artesia adopted Resolution No. 11-2299 electing for the City to serve as the Successor Agency. The Dissolution Act specifies that the City and the Successor Agency do not merge as the result of this election. The City and Successor Agency are separate legal entities. The liabilities of the Former RDA (and the Successor Agency) do not transfer to the City and the assets of the Successor Agency do not become the assets of the City.

The role of the successor agencies is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets).

11. CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES, Continued

The Dissolution Act also created an oversight board for each successor agency. The Dissolution Act requires that certain successor agency actions are subject to the oversight board's approval. The oversight board may also direct the successor agency to take certain actions.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. On February 13, 2012, the City Council of the City of Artesia, adopted Resolution No. 12-2316 electing for the City not to serve as the Housing Successor and determined that the housing functions of the Former RDA shall be transferred to the Artesia Housing Authority pursuant to the Dissolution Act.

The housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Housing Authority Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act also establish roles for the County Auditor-Controller, the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. Moneys in the RPTTF, after payment of certain administrative costs of the County, are disbursed twice a year (January 2 and June 1, respectively) to pay: (i) the taxing entities for pass-through payments, (ii) the Successor Agency for payments of enforceable obligations on the Successor Agency's Recognized Obligation Payment Schedule ("ROPS") as approved by the DOF (discussed below), (iii) the Successor Agency for its administrative cost allowance, as defined and up to the amount allowed by the Dissolution Act, and (iv) the taxing entities to the extent that there is any residual amount remaining in the RPTTF after application based on the foregoing.

The Successor Agency is required to prepare a ROPS approved by the oversight board setting forth the amounts due for each enforceable obligation during each fiscal period covered by such ROPS. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. Through fiscal year 2015-16, each ROPS covered a six-month period (commencing January 1 and July 1, respectively). SB 107, which was enacted in September 2016, provides that, beginning with fiscal year 2016-17, the Successor Agency must prepare a ROPS annually (instead of twice a year).

The Dissolution Act required the Successor Agency to have due diligence reviews of both the low and moderate income housing fund and all other funds to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be

**11. CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT
AGENCIES, Continued**

retained to pay for existing enforceable obligations. These unencumbered cash amounts were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. The former redevelopment agency (Successor Agency) made payments totaling \$538,184 during fiscal year 2012-13 to the CAC as a result of the due diligence reviews.

The DOF issued a Finding of Completion on April 18, 2013 in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews. After receiving the Finding of Completion, the Successor Agency is allowed to place loan agreements between the former redevelopment agency and the City on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes. The Successor Agency does not have any such outstanding loan repayable to the City. It should be noted that, however, during any ROPS period, the City may loan funds to the Successor Agency for the payment of administrative costs or enforceable obligations, subject to the limitations set forth in the Dissolution Act. The Dissolution Act also provides that, after the Successor Agency's receipt of the Finding of Completion, the Successor Agency may use unspent proceeds from bonds issued by the Dissolved RDA before January 1, 2011 on projects, in a manner consistent with original bond covenants. With the Oversight Board and the DOF's approval, the Successor Agency and the City have entered into agreements (the "Bond Proceeds Funding Agreements"), pursuant which the Successor Agency agreed to transfer bond proceeds to the City, for the City's use (including reimbursement for any City advances therefore) to complete work with respect to specified projects in a manner consistent with the bond covenants. During the year ended June 30, 2015, the Successor Agency transferred \$183,881 of bond proceeds to the City pursuant to the Bond Proceeds Funding Agreements.

In addition, the Oversight Board approved the Successor Agency's Long Range Property Management Program (LRPMP) through resolution OB 13-20 on March 28, 2013, which was then approved by the DOF on March 7, 2015. The LRPMP included certain real properties originally purchased with funds of the Dissolved RDA, but were owned by the City. In its March 7, 2015 letter approving the LRPMP, the DOF recognized that the City is the fee title holder of these real properties. The DOF noted that the Successor Agency did not need to include such properties on the LRPMP, because the Successor Agency did not own any interest in such properties. Accordingly, the amount associated with these properties, \$5,329,406, is now shown as the City's assets. This was reflected as a transfer of \$2,033,445 from the Successor Agency's assets to the City's assets, in fiscal year 2013-2014, and a prior period adjustment of \$3,295,961, in fiscal year 2014-2015.

The State Controller of the State of California has been directed to review the transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the assets to be returned to the successor agency to the extent not prohibited by state or federal law. The State Controller issued its official final report regarding unallowed asset transfers, by the Dissolved RDA to other public agencies on November 26, 2014. The report did not identify any unallowable transfers.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

12. SUCCESSOR AGENCY DISCLOSURES

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency to the City of Artesia Redevelopment Agency on February 1, 2012 as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosures related to these transactions are as follows:

Capital Assets

There were no capital asset activity for the fiscal year ended June 30, 2018.

Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2018 was as follows:

	Balance at June 30, 2017	Additions	Repayments	Balance at June 30, 2018	Due Within One Year
2007 Tax Allocation Bonds	\$ 11,380,000	\$ -	\$ (225,000)	\$ 11,155,000	\$ 240,000
Less: Issuance Discount	(207,154)		8,150	(199,004)	(8,150)
2009 Housing Tax Allocation Bonds	3,255,000		(35,000)	3,220,000	35,000
Total	<u>\$ 14,427,846</u>	<u>\$ -</u>	<u>\$ (251,850)</u>	<u>\$ 14,175,996</u>	<u>\$ 266,850</u>

2007 Tax Allocation Bonds

On December 5, 2007, the Agency issued \$12,920,000 in Tax Allocation Bonds for the purpose of financing certain redevelopment activities benefiting the Artesia Redevelopment Project Area in the City. The bonds mature annually on June 1, from 2008 to 2042, in amounts ranging from \$115,000 to \$600,000. \$854,574 is maintained in a reserve account that meets conditions as set forth in the Bond Indenture. The principal balance outstanding at June 30, 2018 was \$11,155,000.

Original bond issuance discount on the bonds was \$285,264, and the unamortized balance of the discount as of June 30, 2018 was \$199,004.

The 2007 Tax Allocation Bonds are payable solely from taxes received by the Successor Agency on behalf of the former Redevelopment Agency. The total principal and interest remaining to be paid on the bonds was \$20,426,298. Principal and interest paid for the current year was \$851,020.

City of Artesia
Notes to Basic Financial Statements
June 30, 2018

12. SUCCESSOR AGENCY DISCLOSURES, Continued

Long-Term Liabilities, Continued

The annual requirements to amortize the 2007 Tax Allocation Bonds outstanding at June 30, 2018, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 240,000	\$ 614,556	\$ 854,556
2020	250,000	602,134	852,134
2021	260,000	589,216	849,216
2022	275,000	575,760	850,760
2023	290,000	560,750	850,750
2024 - 2028	1,705,000	2,549,006	4,254,006
2029 - 2033	2,230,000	2,023,562	4,253,562
2034 - 2038	2,925,000	1,331,666	4,256,666
2039 - 2042	2,980,000	424,648	3,404,648
Totals	<u>\$ 11,155,000</u>	<u>\$ 9,271,298</u>	<u>\$ 20,426,298</u>

2009 Tax Allocation Bonds

On June 30, 2009, the Agency issued \$3,470,000 in Housing Tax Allocation Bonds for the purpose of financing low and moderate income housing projects of the Agency. The bonds mature annually on June 1, from 2012 to 2046, in amounts ranging from \$40,000 to \$265,000. Interest is payable semiannually on June 1 and December 1, with a yield of 7.70%. \$286,030 is maintained in a reserve account that meets conditions as set forth in the Bond Indenture. The balance outstanding at June 30, 2018 was \$3,220,000.

The 2009 Tax Allocation Bonds are payable solely from the taxes received by the Successor Agency on behalf of the former Redevelopment Agency. The total principal and interest remaining to be paid on the bonds is \$7,933,558. Principal and interest paid for the current year was \$285,636.

The annual requirements to amortize the 2009 Housing Tax Allocation Bonds outstanding at June 30, 2018, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 35,000	\$ 247,940	\$ 282,940
2020	40,000	245,246	285,246
2021	40,000	242,166	282,166
2022	45,000	239,086	284,086
2023	50,000	235,620	285,620
2024 - 2028	300,000	1,116,500	1,416,500
2029 - 2033	435,000	981,365	1,416,365
2034 - 2038	630,000	785,785	1,415,785
2039 - 2043	910,000	503,580	1,413,580
2044 - 2046	735,000	116,270	851,270
Totals	<u>\$ 3,220,000</u>	<u>\$ 4,713,558</u>	<u>\$ 7,933,558</u>

14. COMMITMENTS AND CONTINGENCIES

A. Lawsuits

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City with the exception of the case noted below. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

A lawsuit is currently pending against the City entitled Herrera, et al v. City of Artesia. The lawsuit involves claims for City payment of a portion of medical insurance costs for certain former employees and their dependents. The potential liability and loss to the City in the event of court decision adverse to the City in the lawsuit is unknown at this time.

B. Federal and State Grant Programs

The City has received Federal and State grants for specific purposes that are subject to review and audit by the respective governments. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material.

C. Commitments

As of June 30, 2018, the City did not have any commitments and, in the opinion of City management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

15. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$(3,025,967) was posted to the government-wide statement of activities due to the implementation of GASB statement No. 75. See Note 9 for more information.

16. SUBSEQUENT EVENTS

Subsequent to year-end, the City may be negatively impacted by the effects of the worldwide coronavirus pandemic. The City is closely monitoring its operations, liquidity, and reserves and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the City's financial position is not known.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ARTESIA
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2018**

Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years*

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.05112%	0.07287%	0.06597%	0.08779%
Proportionate share of the net pension liability	\$ 2,015,175	\$ 2,605,653	\$ 1,900,640	\$ 2,169,712
Covered-employee payroll	\$ 1,462,122	\$ 1,456,843	\$ 1,437,166	\$ 1,562,635
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	137.83%	178.86%	132.25%	138.85%
Plan's fiduciary net position	\$ 6,172,484	\$ 10,016,378	\$ 10,661,524	\$ 10,323,534
Plan's total pension liability	\$ 8,187,659	\$ 12,622,031	\$ 12,562,164	\$ 12,493,246
Plan fiduciary net position as a percentage of total pension liability	75.39%	79.36%	84.87%	82.63%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change in Assumptions: In the 2016 valuation, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

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

**CITY OF ARTESIA
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2018**

Schedule of Pension Contributions – Last 10 Years*

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractual required contribution (actuarially determined)	\$ 105,958	\$ 99,359	\$ 102,746	\$ 122,602
Contributions in relation to the actuarially determined contributions	<u>(105,958)</u>	<u>(99,359)</u>	<u>(102,746)</u>	<u>(122,602)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,462,122	\$ 1,456,843	\$ 1,437,166	\$ 1,562,635
Contributions as a percentage of covered employee payroll	7.25%	6.82%	7.15%	7.85%

Notes to Schedule

Valuation Date: June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	7.50%, net of pension plan investment and administrative Expenses; includes Inflation
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾The mortality table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

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

**CITY OF ARTESIA
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2018**

Schedule of Changes in Total OPEB Liability and Related Ratios – Last 10 Years*

	Fiscal Year Ending 6/30/2018
Total OPEB Liability	
Service cost	\$ 211,687
Interest	214,547
Benefit payments	(223,948)
Net change in total OPEB liability	202,286
Total OPEB Liability - beginning of year	5,826,003
Total OPEB Liability - end of year	\$ 6,028,289
Covered payroll	\$ 2,087,473
Total OPEB Liability as a % of eligible payroll	288.8%

Notes to Schedule

Funding Policy: The City funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

*Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

**CITY OF ARTESIA
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2018**

Schedule of OPEB Employer Contributions – Last 10 Years*

	Fiscal Year Ending <u>6/30/2018</u>
Actuarially determined contribution (ADC) ¹	N/A
Contributions in relation to the ADC	N/A
Contribution deficiency (excess)	N/A
OPEB-eligible payroll for reporting period (fiscal year)	2,087,473
Contributions as a percent of payroll	N/A

¹ Per GASB 75 paragraph 57c., these disclosures are only required if the employer calculates an Actuarially Determined Contribution (ADC). The City does not currently calculate an ADC.

*Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

City of Artesia
Note to Required Supplementary Information
For the year ended June 30, 2018

1. BUDGETARY INFORMATION

The City Council has the responsibility for adoption of the City's budget. Budgets are adopted for governmental funds. From the effective date of the budget, the City Manager is authorized to transfer funds from one major expenditure category to another within the same department. Any revisions that alter the total expenditures of any department must be approved by the City Council.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the City are subject to annual review by the City Council; hence, they legally are one year contracts with an option to renew for another fiscal year.

Budget accounts reported for the governmental funds of the City are adopted on a basis consistent with GAAP.

General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. The Council conducts public meetings prior to its adoption. The budget is prepared by fund, function and activity and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Supplemental appropriations, when required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager. Expenditures may not exceed appropriations at the departmental level. At fiscal year-end, all operating budget appropriations lapse. During the year, several supplementary appropriations were necessary.

The City did not adopt a budget for the following Non-major Governmental Special Revenue Funds: Federal STP-L, Bicycle & Pedestrian, Parks & Recreation Grants, Hazard & Litigation, Artesia Lighting District, Traffic Congestion, MAP 21 Exchange, Clean Air Bus Grant, Measure M, Billboard, Sheriff, Metro TOD4, and CFD.

City of Artesia
Budgetary Comparison Schedule
General Fund
For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 9,444,690	\$ 9,444,690	\$ 9,444,690	\$ -
Resources (inflows):				
Taxes	6,344,473	6,344,473	6,481,093	136,620
Licenses and permits	417,500	417,500	528,133	110,633
Intergovernmental	837,160	837,160	924,466	87,306
Charges for services	436,188	436,188	267,596	(168,592)
Use of money and property	82,000	82,000	326,543	244,543
Fines and forfeitures	56,000	56,000	156,981	100,981
Other revenues	38,001	38,001	1,767	(36,234)
Amount available for appropriation	8,211,322	8,211,322	8,686,579	475,257
Charges to appropriations (outflows):				
General government	2,602,497	2,602,497	2,685,439	(82,942)
Public safety	3,502,481	3,502,481	3,578,078	(75,597)
Parks and recreation	981,909	981,909	1,097,895	(115,986)
Public Works	1,136,756	1,136,756	1,080,712	56,044
Community development	364,880	364,880	360,601	4,279
Capital outlay			190,104	(190,104)
Total charges to appropriations	8,588,523	8,588,523	8,992,829	(404,306)
Transfers in	793,689	793,689		(793,689)
Transfers out	(59,857)	(59,857)	(35,597)	(24,260)
Total transfers	733,832	733,832	(35,597)	(769,429)
Excess of resources over charges to appropriations	356,631	356,631	(341,847)	(698,478)
Fund balance, June 30	\$ 9,801,321	\$ 9,801,321	\$ 9,102,843	\$ (698,478)

See accompanying note to required supplementary information.

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SUPPLEMENTARY INFORMATION

City of Artesia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Capital Projects

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1, restated	\$ 2,034,126	\$ 2,034,126	\$ 2,034,126	\$ -
Resources (inflows):				
Charges for Services	25,000	25,000	18,631	(6,369)
Use of Money and Property	3,670	3,670	3,241	(429)
Amount available for appropriation	28,670	28,670	21,872	(6,798)
Charges to appropriations (outflows):				
Capital outlay			12,850	(12,850)
Total charges to appropriations			12,850	(12,850)
Excess of resources over (under) charges to appropriations	28,670	28,670	9,022	(19,648)
Fund balance, June 30	\$ 2,062,796	\$ 2,062,796	\$ 2,043,148	\$ (19,648)

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

State Gas Tax - To account for any street or road purpose including maintenance and construction, engineering and administration apportioned under the Streets and Highways Code of the State of California.

Federal STP-L - To account for leftover County exchange of STPL monies for street related projects.

Bicycle & Pedestrian - To account for funds received for improvements made for planning and construction of bicycle and pedestrian facilities.

Proposition A - To account for the benefit of public transit such as dial-a-ride and recreation transportation programs.

Community Development Block Grant - To account for grant funds received for programs that assist low- and moderate-income residents with single family housing rehabilitation.

Parks and Recreation Grants - To receive grant funds used to update and make park improvements not accounted in other funds.

Proposition C - To account for the benefit of public transit with expanded street maintenance and improvements such as traffic signal, marking and striping, median maintenance and matching dollars for street improvement grants.

Air Quality - To account for AB2766 Subvention Program funds to implement programs that reduce air pollution from motor vehicles.

Hazard and Litigation - is a special revenue fund and accounts for grant funding of Federal awarded highway transportation and safety improvement projects.

California Beverage Recycling - To account for funds awarded by State to provide litter/recycling clean-up, education and community outreach.

Artesia Lighting District - To account for property tax direct assessments used for maintenance, operation, and repair of street lights and signal expenditures.

Traffic Congestion - To account for funding received for transportation projects that improve traffic mobility and relieve congestion.

MAP 21 Exchange - An exchange of City available Federal Surface Transportation Program-Local Funds (STP-L Funds) for like amount of Los Angeles County Metropolitan Transportation Authority (LACMTA Funds). These are flexible funds for transportation capital improvements that would normally qualify for the STP-L program.

Clean Air Bus Grant - To account for federal grant to purchase electric bus.

Measure M - To account for funds received for public transit system improvements.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

Billboard - To account for city license fee on development agreement for 15 annual installments of double-sided Outdoor Advertising structure.

Sheriff - To account for the forfeiture and seizure assets collected in the City of Artesia by the contract policing agency and primarily used for law enforcement equipment and training.

Metro TOD 4 - To account for grant funds received for transit-oriented development planning for downtown Artesia.

C.O.P.S. Grant - To account for supplemental law enforcement services funding of frontline law enforcement and juvenile justice programs.

Community Facility District - To account for taxes collected within the district which pay for public safety, flood, and storm protection services as well as maintenance of lighting, parkways, streets, roads, and open spaces.

Measure R - To account for the engineering, administrative, traffic median, and parking overflow improvements of transportation services.

Housing Authority - To account for the maintenance, planning, and improvements of all low-moderate income housing assets to assist low- and moderate-income housing families and seniors.

City of Artesia
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

	Special Revenue										
	State Gas Tax	Federal STP-L	Bicycle & Pedestrian	Proposition A	Community Development Block Grant	Parks & Recreation Grants	Proposition C	Air Quality	Hazard & Litigation Fund	California Beverage Recycling	Artesia Lighting District
ASSETS											
Cash and investments	\$ 308,038	\$ 60,063	\$ -	\$ 946,882	\$ -	\$ -	\$ 364,666	\$ 118,450	\$ 583,734	\$ 40,139	\$ 9,283
Receivables:											
Accounts	16,177		12,807		17,217	300,000		5,536		5,000	3,376
Prepaid items											
Total assets	\$ 324,215	\$ 60,063	\$ 12,807	\$ 946,882	\$ 17,217	\$ 300,000	\$ 364,666	\$ 123,986	\$ 583,734	\$ 45,139	\$ 12,659
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 32,631	\$ -	\$ 6,162	\$ 9,045	\$ -	\$ 6,665	\$ 19,028	\$ -	\$ -	\$ 4,671	\$ 12,659
Deposit payable											
Due to other funds					17,217	399,886					
Total liabilities	32,631		6,162	9,045	17,217	406,551	19,028			4,671	12,659
Deferred Inflow of Resources:											
Unavailable revenues									15,780		
Total deferred inflow of resources									15,780		
Fund Balances:											
Nonspendable											
Restricted for:											
Street projects	291,584	60,063									
Transportation projects			6,645	937,837			345,638				
Housing projects											
Air quality projects								123,986	567,954	40,468	
Public safety											
Unassigned						(106,551)					
Total fund balances	291,584	60,063	6,645	937,837		(106,551)	345,638	123,986	567,954	40,468	
Total liabilities, deferred inflows and fund balances	\$ 324,215	\$ 60,063	\$ 12,807	\$ 946,882	\$ 17,217	\$ 300,000	\$ 364,666	\$ 123,986	\$ 583,734	\$ 45,139	\$ 12,659

City of Artesia
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2018

	Special Revenue											Total Other Governmental Funds
	Traffic Congestion	MAP 21 Exchange	Clean Air Bus Grant	Measure M	Billboard	Sheriff	Metro TOD 4	C.O.P.S Grant	Community Facility District	Measure R	Housing Authority	
ASSETS												
Pooled cash and investments	\$ 19,117	\$ 165,865	\$ -	\$ 178,421	\$ 167,696	\$ 415	\$ -	\$ -	\$ 5,625	\$ 367,432	\$ 535,764	\$ 3,871,590
Receivables:												
Accounts							79,206	48,747				488,066
Prepaid items										7,063		7,063
Total assets	\$ 19,117	\$ 165,865	\$ -	\$ 178,421	\$ 167,696	\$ 415	\$ 79,206	\$ 48,747	\$ 5,625	\$ 374,495	\$ 535,764	\$ 4,366,719
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,218	\$ -	\$ -	\$ 130	\$ -	\$ 92,209
Deposit payable											61,895	61,895
Due to other funds			4,998				77,654	48,747				548,502
Total liabilities			4,998				78,872	48,747		130	61,895	702,606
Deferred Inflow of Resources:												
Unavailable revenues												15,780
Total deferred inflow of resources												15,780
Fund Balances:												
Nonspendable										7,063		7,063
Restricted for:												
Street projects									5,625			357,272
Transportation projects	19,117	165,865			167,696		334			367,302		2,010,434
Housing projects											473,869	473,869
Air quality projects												732,408
Public safety				178,421		415						178,836
Unassigned			(4,998)									(111,549)
Total fund balances	19,117	165,865	(4,998)	178,421	167,696	415	334		5,625	374,365	473,869	3,648,333
Total liabilities, deferred inflows and fund balances	\$ 19,117	\$ 165,865	\$ -	\$ 178,421	\$ 167,696	\$ 415	\$ 79,206	\$ 48,747	\$ 5,625	\$ 374,495	\$ 535,764	\$ 4,366,719

City of Artesia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the fiscal year ended June 30, 2018

	Special Revenue										
	State Gas Tax	Federal STP-L	Bicycle & Pedestrian	Proposition A	Community Development Block Grant	Parks & Recreation Grants	Proposition C	Air Quality	Hazard & Litigation Fund	California Beverage Recycling	Artesia Lighting District
REVENUES:											
Taxes	\$ -	\$ -	\$ -	\$ 314,923	\$ -	\$ -	\$ 260,806	\$ -	\$ -	\$ -	\$ 139,316
Intergovernmental	416,623		12,807		17,217			24,094		5,329	
Use of money and property	2,693	866		12,478			5,279	1,693	8,411	574	
Other	3,691										
Total revenues	423,007	866	12,807	327,401	17,217		266,085	25,787	8,411	5,903	139,316
EXPENDITURES:											
Current:											
General government										92	
Public safety											
Parks and recreation				102,415							
Public works	220,860						27,085	10,825			
Community Development					17,217						166,129
Capital outlay			6,162			107,961	216,207		3,500		
Total expenditures	220,860		6,162	102,415	17,217	107,961	243,292	10,825	3,500	92	166,129
REVENUES OVER (UNDER) EXPENDITURES	202,147	866	6,645	224,986		(107,961)	22,793	14,962	4,911	5,811	(26,813)
OTHER FINANCING SOURCES (USES):											
Transfers in											35,597
Total other financing sources (uses)											35,597
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	202,147	866	6,645	224,986		(107,961)	22,793	14,962	4,911	5,811	8,784
FUND BALANCES:											
Beginning of fiscal year	89,437	59,197		712,851		1,410	322,845	109,024	563,043	34,657	(8,784)
End of fiscal year	\$ 291,584	\$ 60,063	\$ 6,645	\$ 937,837	\$ -	\$ (106,551)	\$ 345,638	\$ 123,986	\$ 567,954	\$ 40,468	\$ -

(Continued)

City of Artesia

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds, Continued

For the fiscal year ended June 30, 2018

	Special Revenue											Total Other Governmental Funds
	Traffic Congestion	MAP 21 Exchange	Clean Air Bus Grant	Measure M	Billboard	Sheriff	Metro TOD 4	C.O.P.S. Grant	Community Facility District	Measure R	Housing Authority	
REVENUES:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,625	\$ 195,651	\$ -	\$ 916,321
Intergovernmental	19,117		24,402	177,305			87,255	188,163				972,312
Use of money and property		2,392		1,116	1,634	6			4,271	91,527		132,940
Other					88,800							92,491
Total revenues	19,117	2,392	24,402	178,421	90,434	6	87,255	188,163	5,625	199,922	91,527	2,114,064
EXPENDITURES:												
Current:												
General government												92
Public safety								188,163				188,163
Parks and recreation												102,415
Public works							86,921		17,828			363,519
Community Development										299		183,645
Capital outlay			29,400						13,390			376,620
Total expenditures			29,400				86,921	188,163	31,218	299		1,214,454
REVENUES OVER (UNDER) EXPENDITURES	19,117	2,392	(4,998)	178,421	90,434	6	334		5,625	168,704	91,228	899,610
OTHER FINANCING SOURCES (USES):												
Transfers in												35,597
Total other financing sources (uses)												35,597
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	19,117	2,392	(4,998)	178,421	90,434	6	334		5,625	168,704	91,228	935,207
FUND BALANCES:												
Beginning of fiscal year		163,473		77,262	409				205,661	382,641		2,713,126
End of fiscal year	\$ 19,117	\$ 165,865	\$ (4,998)	\$ 178,421	\$ 167,696	\$ 415	\$ 334	\$ -	\$ 5,625	\$ 374,365	\$ 473,869	\$ 3,648,333

(Concluded)

City of Artesia

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

State Gas Tax

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 89,437	\$ 89,437	\$ 89,437	\$ -
Resources (inflows):				
Intergovernmental	396,123	396,123	416,623	20,500
Use of money and property	1,200	1,200	2,693	1,493
Other	4,500	4,500	3,691	(809)
Amount available for appropriation	401,823	401,823	423,007	21,184
Charges to appropriations (outflows):				
Public Works	390,687	390,687	220,860	169,827
Total charges to appropriations	390,687	390,687	220,860	169,827
Excess of resources over (under) charges to appropriations	11,136	11,136	202,147	191,011
Fund balance, June 30	\$ 100,573	\$ 100,573	\$ 291,584	\$ 191,011

City of Artesia

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual CDBG

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	500,000	500,000	17,217	(482,783)
Amount available for appropriation	500,000	500,000	17,217	(482,783)
Charges to appropriations (outflows):				
Community development	513,354	513,354	17,217	496,137
Total charges to appropriations	513,354	513,354	17,217	496,137
Excess of resources over (under) charges to appropriations	(13,354)	(13,354)		13,354
Fund balance, June 30	\$ (13,354)	\$ (13,354)	\$ -	\$ 13,354

City of Artesia

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Proposition A

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 712,851	\$ 712,851	\$ 712,851	\$ -
Resources (inflows):				
Taxes	325,247	325,247	314,923	(10,324)
Intergovernmental	6,673	6,673		(6,673)
Use of money and property	1,000	1,000	12,478	11,478
Amount available for appropriation	332,920	332,920	327,401	(5,519)
Charges to appropriations (outflows):				
Parks and recreation	252,840	252,840	102,415	150,425
Total charges to appropriations	252,840	252,840	102,415	150,425
Excess of resources over (under) charges to appropriations	80,080	80,080	224,986	144,906
Fund balance, June 30	\$ 792,931	\$ 792,931	\$ 937,837	\$ 144,906

City of Artesia

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Proposition C For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 322,845	\$ 322,845	\$ 322,845	\$ -
Resources (inflows):				
Taxes	247,000	247,000	260,806	13,806
Use of money and property	100	100	5,279	5,179
Amount available for appropriation	247,100	247,100	266,085	18,985
Charges to appropriations (outflows):				
Public works	231,220	231,220	27,085	204,135
Capital outlay	180,000	180,000	216,207	(36,207)
Total charges to appropriations	411,220	411,220	243,292	167,928
Excess of resources over (under) charges to appropriations	(164,120)	(164,120)	22,793	186,913
Fund balance, June 30	\$ 158,725	\$ 158,725	\$ 345,638	\$ 186,913

City of Artesia

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Air Quality

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 109,024	\$ 109,024	\$ 109,024	\$ -
Resources (inflows):				
Intergovernmental	20,000	20,000	24,094	4,094
Use of money and property	280	280	1,693	1,413
Amount available for appropriation	20,280	20,280	25,787	5,507
Charges to appropriations (outflows):				
Public works	11,500	11,500	10,825	675
Capital outlay	30,000	30,000		30,000
Total charges to appropriations	41,500	41,500	10,825	30,675
Excess of resources over (under) charges to appropriations	(21,220)	(21,220)	14,962	36,182
Fund balance, June 30	\$ 87,804	\$ 87,804	\$ 123,986	\$ 36,182

City of Artesia

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

California Beverage Recycling

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 34,657	\$ 34,657	\$ 34,657	\$ -
Resources (inflows):				
Intergovernmental	5,000	5,000	5,329	
Use of money and property			574	574
Amount available for appropriation	5,000	5,000	5,903	903
Charges to appropriations (outflows):				
General government			92	(92)
Total charges to appropriations			92	(92)
Excess of resources over (under) charges to appropriations	5,000	5,000	5,811	811
Fund balance, June 30	\$ 39,657	\$ 39,657	\$ 40,468	\$ 811

City of Artesia

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

C.O.P.S. Grant

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	100,000	100,000	188,163	88,163
Amount available for appropriation	100,000	100,000	188,163	88,163
Charges to appropriations (outflows):				
Public safety	100,000	100,000	188,163	(88,163)
Total charges to appropriations	100,000	100,000	188,163	(88,163)
Excess of resources over (under) charges to appropriations				
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -

City of Artesia

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Measure R

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 205,661	\$ 205,661	\$ 205,661	\$ -
Resources (inflows):				
Taxes	190,000	190,000	195,651	5,651
Use of money and property			4,271	4,271
Amount available for appropriation	190,000	190,000	199,922	9,922
Charges to appropriations (outflows):				
Public works	7,000	7,000	17,828	(10,828)
Capital outlay	183,000	183,000	13,390	169,610
Total charges to appropriations	190,000	190,000	31,218	158,782
Excess of resources over (under) charges to appropriations			168,704	168,704
Fund balance, June 30	\$ 205,661	\$ 205,661	\$ 374,365	\$ 168,704

City of Artesia

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Housing Authority

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 382,641	\$ 382,641	\$ 382,641	\$ -
Resources (inflows):				
Use of money and property	69,163	69,163	91,527	22,364
Amount available for appropriation	69,163	69,163	91,527	22,364
Charges to appropriations (outflows):				
Community development	69,548	69,548	299	69,249
Total charges to appropriations	69,548	69,548	299	69,249
Excess of resources over (under) charges to appropriations	(385)	(385)	91,228	91,613
Fund balance, June 30	\$ 382,256	\$ 382,256	\$ 473,869	\$ 91,613

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AGENCY FUNDS

Agency funds are used to account for assets held by the City as trustee or agent for individuals, private organizations, or other governmental units or funds.

Trust and Agency - To account for funds collected and disbursed by the City for various programs.

George Nelson Memorial - To account for funds collected and disbursed by the City on behalf of the family of George Nelson for parks and recreation programs.

Senior Citizens - To account for funds collected and disbursed by the City on behalf of the Senior Citizen activities and programs.

City of Artesia
Combining Balance Sheet
All Agency Funds
June 30, 2018

	Trust and Agency	George Nelson Memorial	Senior Citizens	Total
ASSETS				
Cash and investments	\$ 1,106,748	\$ 2,243	\$ 7,272	\$ 1,116,263
Accounts receivable	20,979			20,979
Total assets	<u>\$ 1,127,727</u>	<u>\$ 2,243</u>	<u>\$ 7,272</u>	<u>\$ 1,137,242</u>
LIABILITIES				
Accounts payable	\$ 28,843	\$ -	\$ -	\$ 28,843
Deposits payable	1,098,884	2,243	7,272	1,108,399
Total liabilities	<u>\$ 1,127,727</u>	<u>\$ 2,243</u>	<u>\$ 7,272</u>	<u>\$ 1,137,242</u>

City of Artesia
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2018

	Balance July 1, 2017	Addition	Deductions	Balance June 30, 2018
Trust and Agency				
Assets:				
Cash and investments	\$ 1,147,923	\$ 44,514	\$ (85,689)	\$ 1,106,748
Accounts receivable	16,370	20,979	(16,370)	20,979
Total assets	\$ 433,260	\$ 65,493	\$ (102,059)	\$ 1,127,727
Liabilities:				
Account payable	\$ 85,689	\$ 28,843	\$ (85,689)	\$ 28,843
Deposits payable	1,078,604	36,650	(16,370)	1,098,884
Total liabilities	\$ 433,260	\$ 65,493	\$ (102,059)	\$ 1,127,727
George Nelson Memorial				
Assets:				
Cash and investments	\$ 2,425	\$ -	\$ (182)	\$ 2,243
Total assets	\$ 2,425	\$ -	\$ (182)	\$ 2,243
Liabilities:				
Deposits payable	\$ 2,425	\$ -	\$ (182)	2,243
Total liabilities	\$ 2,425	\$ -	\$ (182)	\$ 2,243
Senior Citizens				
Assets:				
Cash and investments	\$ 7,272	\$ -	\$ -	\$ 7,272
Total assets	\$ 7,272	\$ -	\$ -	\$ 7,272
Liabilities:				
Deposits payable	\$ 7,272	\$ -	\$ -	7,272
Total liabilities	\$ 7,272	\$ -	\$ -	\$ 7,272
Totals - All Agency Funds				
Assets:				
Cash and investments	\$ 1,157,620	\$ 44,514	\$ (85,871)	\$ 1,116,263
Accounts receivable	16,370	20,979	(16,370)	20,979
Total assets	\$ 1,173,990	\$ 65,493	\$ (102,241)	\$ 1,137,242
Liabilities:				
Account payable	\$ 85,689	\$ 28,843	\$ (85,689)	\$ 28,843
Deposits payable	1,088,301	36,650	(16,552)	1,108,399
Total liabilities	\$ 1,173,990	\$ 65,493	\$ (102,241)	\$ 1,137,242