

# **City of Artesia California**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2015**



# **CITY OF ARTESIA, CALIFORNIA**

## **Comprehensive Annual Financial Report**

**For the fiscal year ended June 30, 2015**

Miguel Canales, Mayor

Victor Manalo  
Mayor Pro Tem

Sally Flowers  
Council Member

Tony Lima  
Council Member



Ali Sajjad Taj  
Council Member

William Rawlings, City Manager



**City of Artesia**  
**Basic Financial Statements**  
**For the year ended June 30, 2015**

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## THE CITY OF ARTESIA, CALIFORNIA

18747 CLARKDALE AVENUE, ARTESIA, CALIFORNIA 90701

Telephone 562 / 865-6262

FAX 562 / 865-6240

"Service Builds Tomorrow's Progress"

January 26, 2016

Honorable Mayor and City Council  
City of Artesia  
Artesia, California

The Comprehensive Annual Financial Report of the City of Artesia (City), California, as of June 30, 2015 and for the year then ended, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations and cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial statements are the responsibility of the City's management. Completeness and reliability of the information contained in this report is based upon a comprehensive framework of internal controls that is established for this purpose. The costs of internal control should not exceed the anticipated benefits. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Management's Discussion and Analysis (MD&A) interprets the financial reports by analyzing trends and by explaining changes, fluctuations, and variations in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City. MD&A complements this letter of transmittal and should be read in conjunction with it.

**Independent Audit.** City policy requires that its financial statements be audited by a certified public accountant. White Nelson Diehl Evans LLP, Certified Public Accountants and Consultants, have issued an unmodified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2015. The auditor's report on the basic financial statements and required supplementary information is included in the financial section of this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Not for Profit Organizations*. A separate single audit report includes the schedule of expenditures of federal awards, auditors' report on internal controls, and compliance with applicable laws and regulations.

## **Profile of the City of Artesia**

Form of Government: The City is a general law city, incorporated in 1959. The City Council is composed of five members elected biannually at large to serve four-year overlapping terms. The Mayor, selected by the Council, is its presiding officer and serves a one-year term. In the Mayor's absence the Mayor Pro Tem assumes his or her responsibilities.

The City has a Council/Manager form of government. The City Manager is appointed by the City Council to manage the affairs of the City and to implement policies established by the Council. The City Manager oversees all operations of the City including Community Development, Public Safety, Public Infrastructure Development and Maintenance, Parks and Recreation Services, Economic Development, and Administrative Services.

Location and Nature of the City: The City is a historical community with a well-developed mix of commercial development (restaurant and retail) and suburban residential parcels located nineteen miles southeast of downtown Los Angeles and 10 miles northeast of Long Beach. The City encompasses an area of approximately 1.6 square miles and has parcels and areas that can be developed and redeveloped. There are three major retail areas, one industrial area, and an office park and high rise.

Resident Population and Service Population: The current permanent year-round resident population is about 21,000. However, Artesia's proximity to regional colleges results in a population of students establishing temporary residences in Artesia during the academic year; these students may never register to vote locally and may never be counted in a US Census. They are nevertheless, here for a portion of the year, and they require municipal services. Also, because Artesia has an extensive employment base for its geographic size, the office, industrial and retail sectors increase the number of day residents, defined as those who reside in Artesia during business hours. Artesia is also the location of a regional-sized park which, on any given day, may be the site of recreation or community services programming that will further increase the day resident population. Finally, Artesia is the location of a distinctive international shopping district which attracts shoppers from throughout Southern California; because these shoppers may have traveled an hour or two to get here, they tend to come for the entire day and evening, and bring a family or group with them, further increasing the day resident population. Because Artesia's seasonal and day resident population increases demand for additional municipal services such as public safety, transportation services, pedestrian infrastructure such as sidewalks, streetlights, wayfinding signage, public restrooms, parks and recreation services, public open space, parking facilities, parking enforcement, and code enforcement, the City of Artesia generally is sizing its municipal services for a community of 25,000. Increases in the permanent year-round population, the seasonal population, and the day resident population are projected to increase in the coming years.

Budgeting. The City observes an annual budget cycle and produces an annual budget. The City Council is required to adopt a final budget by June 30<sup>th</sup> of each fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, program (e.g., public safety), and activity (e.g., law enforcement). Department heads may transfer resources within each program as needed. The City Manager may appropriate resources up to \$7,500 from unbudgeted funds and up to \$30,000 from budgeted funds. Expenditures above these thresholds require approval from the City Council.

The City budgets appropriations for a full range of services including police (via a contract with the Los Angeles County Sheriff's Department); construction and maintenance of arterial roads, streets and infrastructure; lighting and landscaping infrastructure; storm drains; parks and recreational services; public transportation; planning and economic development; housing; and administrative services. In addition to general municipal activities, the City provides refuse and recycling collection services (via contract).

Entities included in the Financial Reports. This report includes all the funds of the City. In accordance with the reporting entity definition of the Governmental Accounting Standards Board, the City has included the Artesia Parking Authority and the Artesia Housing Authority in the financial report. The resources and activities of the Successor Agency to the City of Artesia Redevelopment Agency are reported in a separate Private-Purpose Trust Fund, which is also included in these financial statements.

Several state and county agencies and school districts provide services to the City, but do not meet the established criteria for inclusion, and accordingly are excluded from this report.

### **Economic Condition and Outlook**

The prospects for the future of the City are good. The City has taken decisive steps to improve its reserve levels, establish a prudent, conservative, and balanced budgeting system, and reset its policies and resources to encourage smart growth. The development community is taking notice, and the result is that the City is seeing strong interest in Artesia from both the investment and development communities. Artesia actively seeks to position itself as "the most business-friendly city in Southern California."

### **Long-term financial planning and major initiatives**

During the 2014/2015 fiscal year, a Resolution was adopted approving General Fund balance allocations. These allocations significantly increase the City's reserve levels over prior years. Six categories were identified and unassigned fund balances were committed:

- Contingency Reserve of \$2,001,250
- Accrued Leave Reserve of \$75,000
- General Plan Update Reserve of \$65,000
- Facility Repairs and Improvements Reserve of \$56,726
- Vehicle/Equipment Replacement Reserve of \$30,500
- Measure M Reserve of \$100,000

Committed Fund Balances for fiscal year 2014/15 were increased by 36% or \$612,750 over the previous year. Of the six categories of Committed Fund Balance, the Contingency Reserve was increased by \$600,000 and represents 93% of the total Committed Fund Balance. Subsequent to this commitment, the City Council, as part of its adoption of the fiscal year 2015/2016 budget, further committed \$123,000 more to the Contingency Reserve. The Contingency Reserve Fund Balance requires a four-fifths vote of the City Council to allocate funds from this reserve. Primary uses are for unforeseen expenditures such as emergency repairs of damage to facilities or infrastructure or other acts-of-God calamities. The other categories of Committed Fund

Balance cover unanticipated operational and maintenance issues that arise during the budget year and require a simple majority vote by City Council.

Assignments of General Fund fund balances during fiscal year 2014/2015 allocated one-time monies for other programming priorities that support organizational development plans and preliminary planning activities. The aggregate resources set aside in these categories at the end of fiscal year 2014/2015 were \$301,000.

The City of Artesia received an unmodified opinion for the audit of the year ending June 30, 2014. This means that the City's financial records and statements are fairly and appropriately presented, and in accordance with Generally Accepted Accounting Principles (GAAP). An unmodified opinion is the best possible audit outcome.

The Council adopted a Priorities List at midyear which included a plan to increase contingency reserves for the 2014/2015 budget. The Priorities List also outlines submitting a balanced budget without reducing funding levels, continuing the new budget format with full cost allocation and reducing the need for a larger cash flow balance sitting idle.

As part of the City Council-approved Priorities List, other planning for long-term financial stability is addressed. The priority to increase revenues by developing an economic development plan will increase revenues to pay for increased service levels and improve quality of life for City residents, visitors, and merchants. An equally important priority, the City Management Team will implement an organizational development plan to correct the misalignment of current staff allocation with the staffing allocation required to meet the Council and community needs and goals, provide leadership development, succession planning, and skills/performance management.

Also, the key to the long term success of financial planning and major initiatives is the professionalism and proficiency of its management team as key problem solvers, innovators, and leaders of the City. They should be appropriately trained, encouraged, compensated and held accountable.

During fiscal year 2014/15, with the understanding that scarce resources are used as prudently and responsibly as possible, the Capital Improvement Plan was developed. In this Plan, the City of Artesia set in motion a written project list to address improvements of infrastructure by identifying a priority level of execution for each project. Priority levels for financial planning of the Capital Improvement Plan consider, in order of importance, safety, revenue generation and quality of life, amenities, and maintenance.

As part of the Capital Improvement Plan, the City Council envisioned revitalizing its Pioneer Boulevard downtown corridor, utilizing bond proceeds under an approved funding agreement between the Artesia Successor Agency (former Artesia Redevelopment Agency) and the City of Artesia. The project will complete the downtown area with a reduction of traffic lanes, enhancement of traffic and pedestrian safety devices, widened sidewalks, pedestrian-oriented promenade, new utilities and amenities, and reconfigured street parking.

In like manner above, utilizing a portion of the same bond proceeds, there is an approved funding agreement for the Historical District Recreation Area which is near the Pioneer Boulevard

Downtown Revitalization project. The project improvements affect the MTA right of way between 183<sup>rd</sup> Street and 187<sup>th</sup> Street, a half mile length, by providing more access to recreational opportunities and facilities through the creation of a bike and pedestrian path, security lighting, play areas, an amphitheater, water fountains, game courts, open space, and amenities such as benches, drinking fountains, and water efficient landscaping.

As mentioned earlier, developing a plan to increase revenues and provide for quality of life has resulted in new programs to benefit the commercial activities in the City of Artesia. The City will assist businesses through a pilot program called the Commercial Building Rehabilitation Program by offering financial incentives to business owners/merchants. Support will be offered for improvements in four elements: architectural design services, sign replacement loan rebates, façade improvement loan rebates, and general property improvement loan rebates. The objective is to improve the physical appearance of commercial building façades which provide pleasant and exciting family-oriented shopping districts.

In the same vein, the City will promote new restaurant development in the City to encourage the type, level and quality of restaurants that will be beneficial to the City and its residents. All new restaurants require the developer to pay for planning/building review and permit fees. Under this program, the City would rebate a portion of the fees collected over a timeframe, 1-5 years, if the restaurant generates enough sales tax and business tax revenue to offset the rebated amount within the timeframe. The program's focus is on national chains, sit-down/dine-in restaurants, and includes those that create jobs for Artesia residents and produce sales taxes which support City services.

Much of the land located within the City before the 1950s was dedicated to farm, orchard, or grazing uses. In 1955, the Bradley-Burns Act was passed, which provided a one per cent sales tax rebate for cities, to be distributed by the state. In 1957, the community roads of Pioneer Blvd., South Street, and Artesia Boulevard were paved, two-lane roads, which brought the roads to "civilized" condition. The City of Artesia incorporated on May 29, 1959 with the motto "Service Builds Tomorrow's Progress".

The City's economy has always relied on sales tax as the primary revenue source to support municipal governmental services. The sales tax strength for fiscal year 2014-15 is roughly one-third of the General Fund revenues. A vibrant sector is the Restaurant and Hotel major business group located in the City. The City has made significant strides in its economic development outreach to existing and out of area investors. Additionally, the City is committed to creating an attractive regulatory environment that incentivizes smart growth and economic development. Examples are mixed-use developments, projects with higher elevations and densities, and flexibility in permitting off-site parking. The City of Artesia has been nominated as the most business-friendly city in Los Angeles County during the last three years. In addition to the preceding examples, the City has expedited entitlements and plan check processes for all priority projects that promote retail and restaurant uses. There is City commitment to provide transparent, fair and cost-effective rules for development. Projects that come before the City are evaluated for the right fees and tax incentive programs that capture franchise brand restaurants. Finally, the City offers an exterior façade improvement program for businesses within the Downtown Corridor.

In May 2015, a new contract was awarded to improve the City's downtown area on Pioneer

Boulevard. The City’s downtown commercial corridor between 183<sup>rd</sup> Street and 188<sup>th</sup> Street will drive more foot traffic by enhancing shopping and dining experiences for patrons through good urban planning and modernization of the street features. This section of the boulevard contains the most amenities and it is expected to contribute the most to the community’s vision of economic stability. An improvement is taking shape for public infrastructure needed to support the goal of achieving a complementary mix of commercial retail, office and residential use, which will expand economic vibrancy and livability in the City’s core commercial area.

The City is included in the Los Angeles-Long Beach Metropolitan Statistical Area. The following table summarizes the civilian labor force, employment and unemployment, and employment rate in the County and the City for calendar years 2011 through October, 2015:

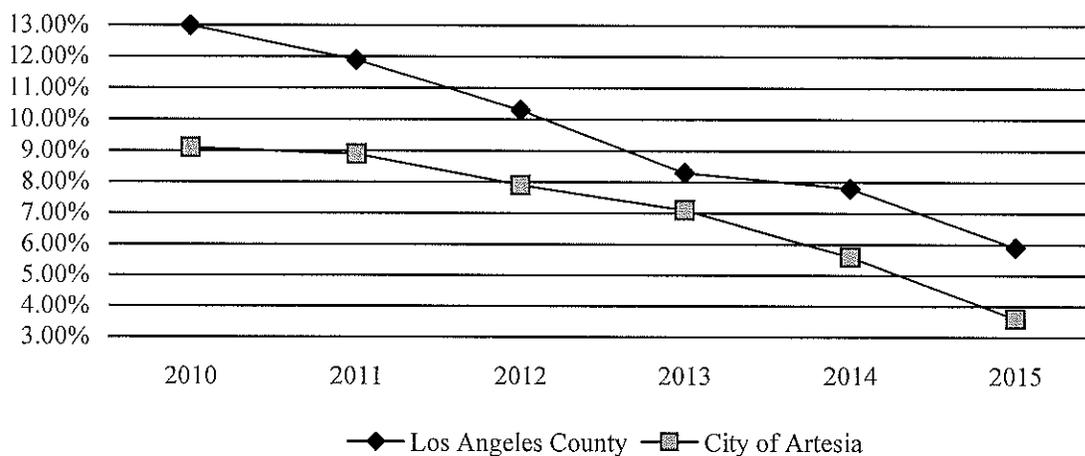
LOS ANGELES COUNTY AND CITY OF ARTESIA STATISTICAL AREA  
 Civilian Labor Force, Employment, Unemployment and Unemployment Rate  
 Annual Averages (000’s) <sup>(1)</sup>

	2011		2012		2013		2014		2015	
	County	City								
Civilian Labor Force (2)	4,899	8.20	4,840	8.20	4,992	8.30	4,992	8.50	4,989	8.70
Employment	4,316	7.50	4,339	7.50	4,520	7.70	4,520	8.00	4,694	8.40
Unemployment	583	0.70	501	0.60	472	0.60	472	0.50	296	0.30
Unemployment Rate	11.90%	8.90%	10.30%	7.90%	9.50%	7.10%	9.50%	5.60%	5.90%	3.60%

<sup>(1)</sup> Not seasonally adjusted.

<sup>(2)</sup> Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Unemployment Rate  
 Artesia versus LA County



Source: Labor Market Information Division of the California State Employment Development Department. The City’s average unemployment rate has been consistently lower than the Los Angeles County area average.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Artesia for its comprehensive annual financial report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. I also want to acknowledge the Mayor and City Council for their support in maintaining the highest standards of professionalism in the management of the City of Artesia's finances.

Sincerely,



William Rawlings  
City Manager

CITY OF ARTESIA, CALIFORNIA  
 List of Principal Officials  
 2014-2015

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<u>Elected Officials</u>	<u>Term Expires</u>
Mayor: Miguel Canales	November 2015
Mayor Pro Tem: Victor Manalo	November 2017
Council Members: Sally Flowers Tony Lima Ali Sajjad Taj	November 2017 November 2015 November 2017

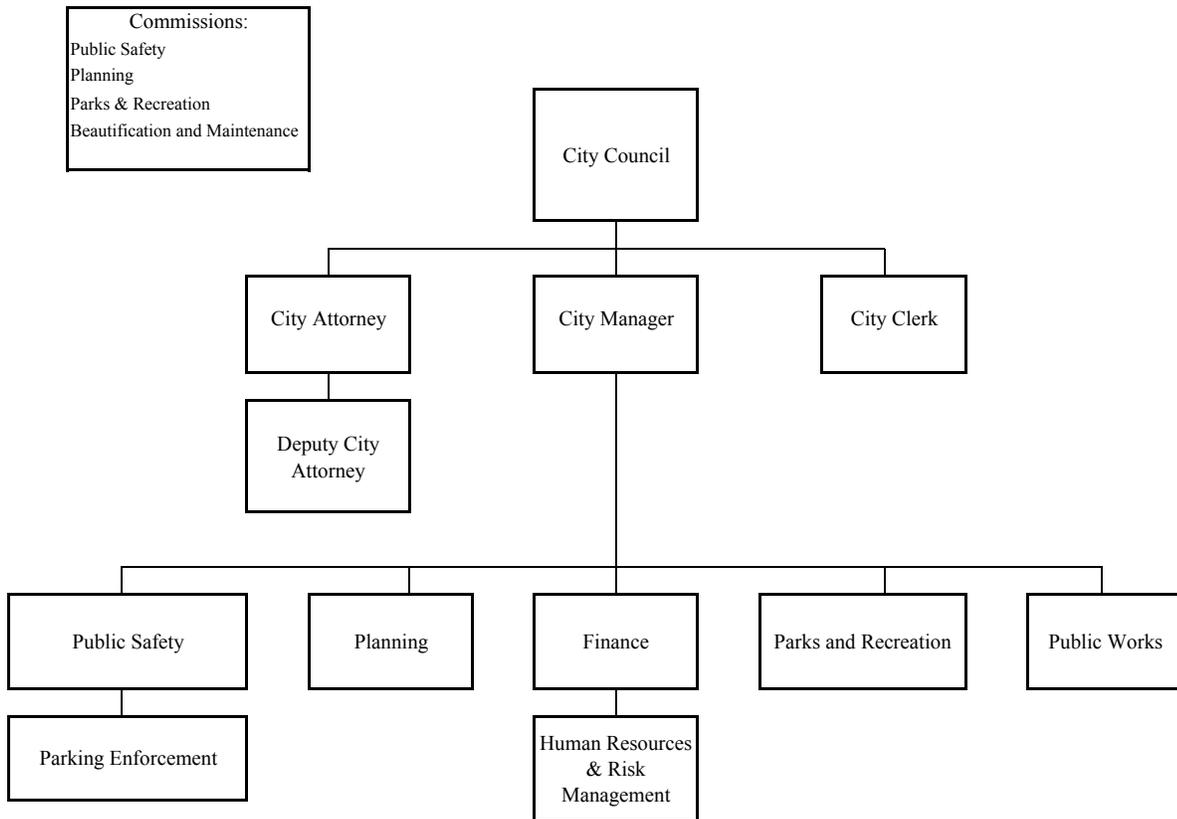
<u>Administrative Staff</u>	<u>Date of Hire</u>
City Manager: * William Rawlings	November 2013
City Attorney: * Kevin Ennis	July 1997
City Clerk/Treasurer: * Gloria Considine	March 2013
Sheriff: *** Jim McDonnell	December 2014
Fire Chief: ** Daryl L. Osby	February 2011
Public Works Director: Charles Burkhardt	February 2013
Parks and Recreation Superintendent: Melissa Gobas	July 2010
Planning Director: Okina Dor	June 2010
Special Projects Manager-Assistant to the City Manager: **** Justine Menzel	March 2005

- \* Appointed by City Council
- \*\* Appointed by Los Angeles County Fire District
- \*\*\* Appointed by Los Angeles County Sheriff Department
- \*\*\*\* Oversees Finance Office

CITY OF ARTESIA, CALIFORNIA

Organizational Chart

June 30, 2015





Government Finance Officers Association

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

Presented to

**City of Artesia  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and  
Members of the City Council  
of the City of Artesia  
Artesia, California

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

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Artesia, California (the City) as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Artesia, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Notes 1C and 13 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*", which required retrospective application resulting in a reduction of previously reported governmental activities net position. Also, as discussed in Note 13, the City restated the net position of the governmental activities and the private-purpose trust fund. Our opinions are not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and the schedules of revenues, expenditures and changes in fund balance - budget and actual - major funds for the LACMTA and Capital Projects - capital projects funds (supplementary information), as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

## **Other Matters (Continued)**

### *Other Information (Continued)*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*White Nelson Dick Evans LLP*

Irvine, California  
January 26, 2016

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## Management's Discussion and Analysis

As management of the City of Artesia, we offer readers of the City of Artesia's financial statements this narrative overview and analysis of the financial activities of the City of Artesia for the fiscal year ended June 30, 2015.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Artesia exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$28,024,863 (*net position*). The Governmental Activities have unrestricted net position of \$625,980, which may be used to meet the government's ongoing obligations to citizens and creditors. Business-type Activities have unrestricted net position of \$34,207.
- The City's net position for governmental activities increased by \$1,153,711 over the prior fiscal year. The prior year net position previously reported at \$26,476,269 has been restated at \$26,836,945. See Note 13 to the basic financial statements.
- The City's net position for business-type activities increased by \$34,207 over the prior fiscal year. The Residential Refuse Service enterprise fund was created during the current fiscal year.
- The total cost of all City activities was \$10,061,764 for the current fiscal year. Net cost of all activities was \$5,707,336.
- As of June 30, 2015, the City of Artesia's governmental funds reported combined ending fund balances of \$11,559,450, an increase of \$1,413,910 in comparison with the prior year. Approximately 20% of this amount is committed to indicate that it is not available because it has committed for projects. Another 53% is restricted for specific uses.
- As of June 30, 2015, the unassigned fund balance for the General Fund was \$3,434,199.

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Artesia that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City of Artesia include general government, public safety, parks and recreation, public works and community development.

The government-wide financial statements include not only the City itself (known as the *primary government*) but also the blending of the legally separate Artesia Housing Authority and Artesia Parking Authority for which the City is financially accountable. These *component units* are therefore included as an integral part of the primary government.

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

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

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

The City of Artesia maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the funds below, which are considered to be major funds:

- **General Fund**
- **Hazard and Litigation**
- **LACMTA Special Revenue Fund**
- **Capital Projects Fund**

Major funds are governmental or enterprise funds whose revenues, expenditures/expenses, assets or liabilities are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the corresponding total for all governmental and enterprise funds combined.

Data from the non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Artesia adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund, Hazard and Litigation Special Revenue Fund, LACMTA Special Revenue Fund and Capital Projects Fund to demonstrate compliance with these adopted budgets.

**Proprietary funds.** The City of Artesia has one proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's enterprise fund accounts for the residential refuse operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. All proprietary funds are considered to be major funds of the City.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Artesia's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Funds of the George Nelson Memorial and Senior Citizens and various other small projects are held as fiduciary funds. The Successor Agency to the Artesia Redevelopment Agency (ASA) is a public entity created by AB X1 26 (2011) and the City of Artesia effective February 1, 2012 to wind down the affairs of the former Artesia Redevelopment Agency.

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

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2015, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,024,863.

By far the largest portion of the City of Artesia's net position, \$21,212,739 represents resources invested in capital assets. Capital assets provide services to citizens and are not available for future spending. Resources needed to repay the related debt outstanding must be provided from other sources because the capital assets cannot be used to liquidate these liabilities.

An additional portion of net position (22%) represents resources that are subject to external restrictions on how it may be used, and therefore \$6,151,937 may not be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position for governmental funds increased by \$1,187,918, or 4% during the fiscal year as a result of revenues exceeding expenditures during this fiscal year. The total cost of all City activities as \$10,061,764. Net cost of all activities was \$5,707,336. Both revenue increases and expense decreases are discussed in more detail in the following report sections.

### **Governmental Activities**

This analysis focuses on the net position and changes in net position of the City's governmental activities which are presented in the government-wide financial statements.

**Governmental Activities Net Position**

	2015	2014*
Current and other assets	\$ 13,189,056	\$ 12,078,612
Capital assets	21,361,123	21,367,694
Total assets	34,550,179	33,446,306
Deferred outflows of resources	122,602	129,300
Long-term liabilities outstanding	4,850,414	5,387,468
Other liabilities	1,050,748	1,351,193
Total liabilities	5,901,162	6,738,661
Deferred inflows of resources	780,963	-
Net position:		
Net investment in capital assets	21,212,739	21,172,454
Restricted	6,151,937	2,122,890
Unrestricted	625,980	3,541,601
Total net position	\$ 27,990,656	\$ 26,836,945

\*Certain balances or amounts have been restated due to implementation of GASB 68 and 71, correction of expenses previously capitalized that did not meet requirements for capitalization and reclassify assets formerly held by the Artesia Successor Agency.

The net position of the governmental activities represents 99% of the City's total net position. Restricted net assets include external restrictions relating to public safety, street projects, housing and other purposes. Restricted net position increased by \$4,028,957 or 189%.

**Governmental activities.** Governmental activities increased the City of Artesia's net position by \$1,153,711. Key elements of this increase are as follows:

### Governmental Activities Change in Net Position

	2015	2014*
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,153,053	\$ 2,095,087
Operating grants and contributions	2,077,854	2,675,795
Capital grants and contributions	183,881	6,622,466
General revenues:		
Property taxes	1,698,157	1,645,258
Transient occupancy taxes	535,124	443,121
Sales taxes	3,096,626	2,938,867
Franchise taxes	407,926	390,601
Business license taxes	479,678	446,017
Other taxes	163,526	93,087
Vehicle license fee collection in excess	7,216	7,470
Use of money and property	436,094	335,972
Other	70,907	123,984
Total revenues	10,310,042	17,817,725
<b>Expenses</b>		
General government	1,657,600	2,836,005
Public safety	3,211,801	3,037,611
Parks and recreation	1,486,853	1,068,250
Public works	2,260,827	1,562,810
Community development	526,250	377,481
Interest on long-term debt	13,000	16,870
Total expenses	9,156,331	8,899,027
Change in net position	1,153,711	8,918,698
Beginning net position	26,836,945	17,918,247
Ending net position	27,990,656	26,836,945

\*Certain balances or amounts have been restated due to implementation of GASB 68 and 71, correction of expenses previously capitalized that did not meet requirements for capitalization and reclassify assets formerly held by the Artesia Successor Agency.

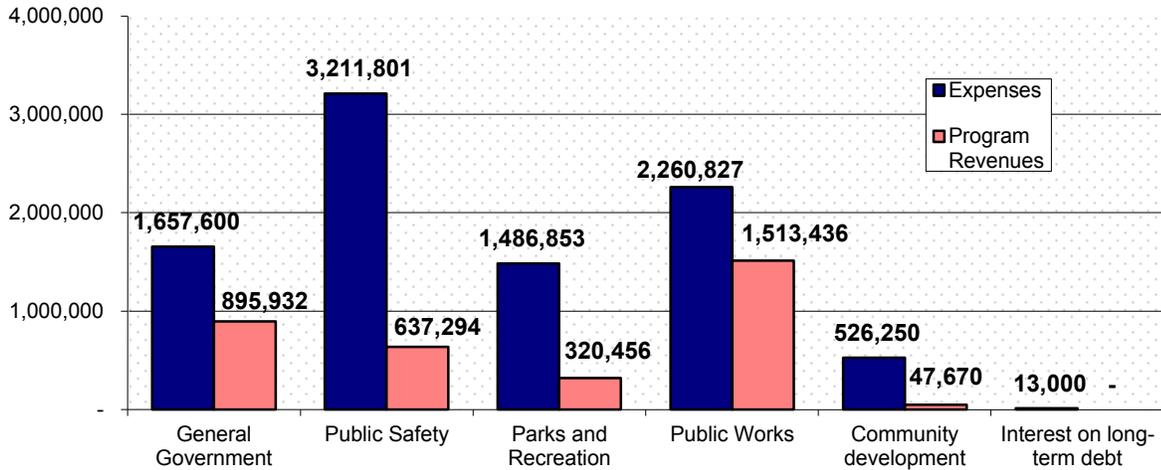
Charges for services decreased by \$942,034 or 45%. This is due to Residential Refuse revenue being moved to an enterprise fund.

In the prior fiscal year, capital grants and contributions totaling \$6,622,466 was made up of a reimbursement from bond project proceeds of the Artesia Successor Agency for the Pioneer Boulevard Downtown Improvement Project and the Historical District Recreation Area was \$4,589,021, and a capital contribution from the Artesia Successor Agency for land that was transferred to the City of \$2,033,445. There were contributions of \$183,881 during this fiscal year.

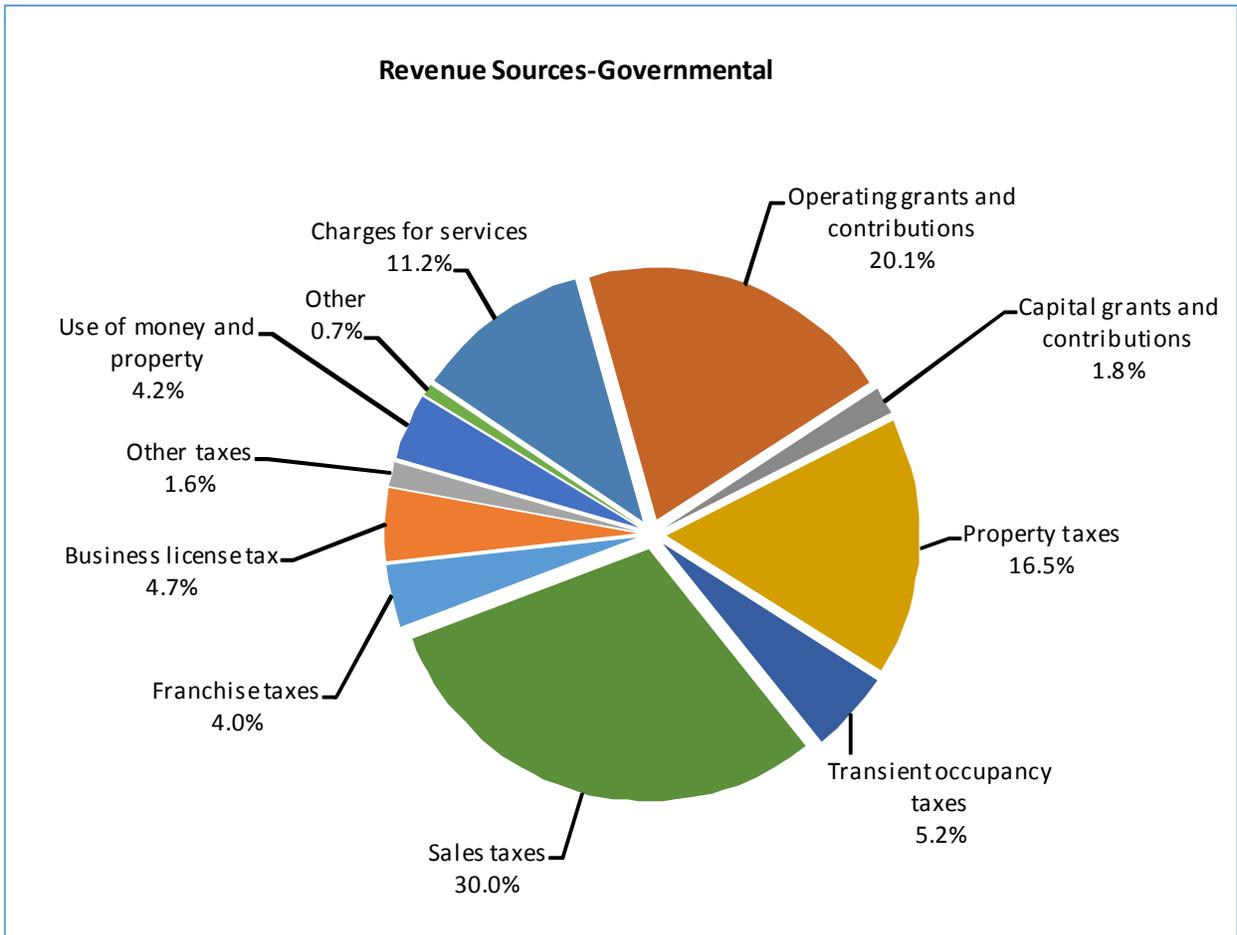
General government expenditures decreased by \$1,178,405 or 42%. This is due, in large part, to Residential Refuse expenditures being moved to an enterprise fund. Additional savings have been generated through decreased expenses negotiated with City's labor bargaining unit for a successor Memorandum of Understanding.

Public Works expenditures increased by \$698,017 primarily due to depreciation and other postemployment benefit expenses.

### Expenses and Program Revenues-Governmental Activities



### Revenue Sources-Governmental



Taxes, operating grants and contributions and charges for services provide 93.3% of the overall revenue sources of the governmental activities. Taxes include property, transient occupancy, sales, franchise, business license and other taxes (transfer tax, Measure V and AB1290).

## Business-type Activities

The analysis of business-type activities focuses on the net position and changes in net position of the City's residential refuse service function which is presented in the government-wide financial statements. This is the first year of existence for this fund.

### Business-Type Activities Net Position

	2015
Current assets and other assets	\$ 109,659
Total assets	109,659
Other liabilities	75,452
Total liabilities	75,452
Net position:	
Unrestricted	34,207
Total net position	\$ 34,207

The net position of the business-type activities represents 1% of the City's total net position. Business-type net position increased by \$34,207 in the first year of existence. The increase is attributed to charges for services exceeding the cost of providing the services.

### Business-type Change in Net Position

	2015
Revenues	
Program revenues:	
Charges for services	\$ 939,640
Total Revenues	939,640
Expenses	
Contract Services	905,433
Total Expenses	905,433
Change in net position	34,207
Beginning net position	-
Ending net position	\$ 34,207

The City's business-type program revenues exceeded expenses by \$34,207, meaning charges for services recovered operating expenses.

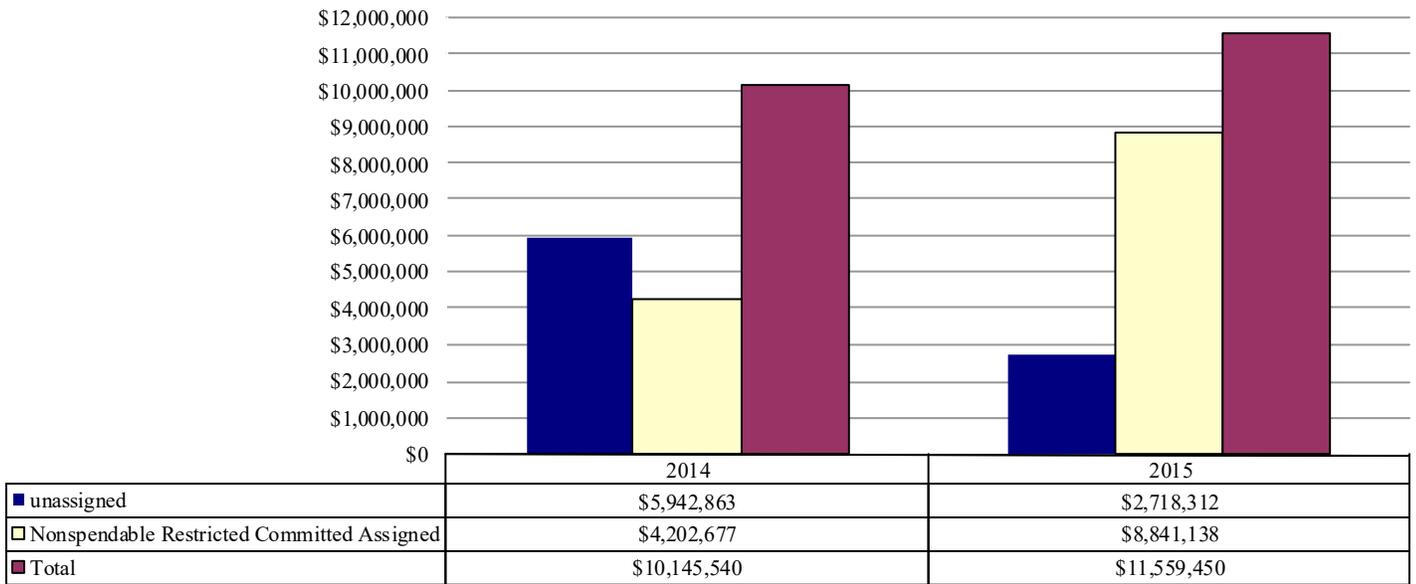
## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the City of Artesia's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Artesia's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Artesia’s governmental funds reported combined ending fund balances of \$11,559,450 an increase of \$1,413,910 in comparison with the prior year. Of this amount, there are \$2,718,312 unassigned net fund balance available for spending at the government's discretion. The remainder of fund balance is *nonspendable, restricted, committed or assigned* to indicate that it is not available for new spending. Approximately 20% of this amount is committed to indicate that it is not available because it has committed for projects. Another 53% is restricted for specific uses. Approximately 3% of this amount is assigned, which indicate that these amounts are not available because they are intended for specific uses designated by the City Council. The remainder of the fund balance is nonspendable, as they reflect prepaid items. Four funds qualify as major funds under the GASB Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*, reporting criteria: the General Fund, Hazard and Litigation Special Revenue Fund, LACMTA Capital Projects Fund and Capital Projects Fund.

The following is a summary of fund balances of the governmental funds for fiscal years 2014-2015:



The General Fund is the chief operating fund of the City of Artesia. At the end of the current fiscal year, the total fund balance was \$9,628,333, with \$59,725 non-spendable for prepaid items and \$2,328,476 committed to funding future commitments and \$301,000 assigned for specific projects. Comparing both total and unassigned fund balance (\$3,434,199) to total fund expenditures is a measure of the general fund’s liquidity. Unassigned fund balance represents 45% of the total general fund revenue (\$7,606,933) and represents 52% of total general fund expenditures (\$6,622,466).

- The fund balance of the general fund increased by \$982,394 during the fiscal year. An increase was anticipated through the budgetary process and benchmarked at \$275,148. An overall increase of \$465,414 in revenue over budget was due to an increase in tax revenue of \$290,360 (primarily due to an additional \$92,003 received from transient occupancy taxes and additional \$127,623 in sales tax over the prior year), and an increase of \$126,061 in licenses and permit revenue. The combined increase in revenue and decrease in expenditures resulted in a much greater General Fund increase than anticipated.

The Hazard and Litigation Special Revenue Fund, LACMTA Capital Projects Fund and Capital Projects Fund qualify as major funds in 2014-15.

The Hazard and Litigation Fund fund balance decreased by \$229,711 during the current fiscal year. This decrease is attributable to reimbursement revenues not covering all expenditures during the current fiscal year. Grant funds are expected to be received in the next fiscal year.

The LACMTA Capital Projects Fund fund balance decreased by \$85,429 during the current fiscal year. This decrease is attributable to reimbursement revenues not covering all expenditures during the current fiscal year. It is expected that reimbursement will be received in the fiscal year ended June 30, 2016.

The Capital Projects Fund fund balance decreased by \$273,823. The General Fund will transfer bond proceeds funds in the fiscal year ended June 30, 2016.

**Proprietary Funds**

The City’s proprietary fund provides the same type of information found in the government-wide statements, but in greater detail.

Unrestricted net position of the Residential Refuse Service fund increased to \$34,207 in the fiscal year. This is the first year of operation for this fund. Other factors concerning the finances of this fund are addressed in the discussion of the business-type activities.

**General Fund Budgetary Highlights**

There was no difference between the original budget and the final amended budget for appropriations. Actual revenue, less transfers, was higher than the final budget by 5%.

Differences between the final appropriations and actual expenditures totaled \$241,832. Actual expenditures were less than budgeted for general government, public safety, public works and community development totaling \$386,998. Actual expenditures exceeded budget in parks and recreation, capital outlay and transfers out totaling \$145,166.

**Capital Asset and Debt Administration**

**Capital assets.** The City of Artesia’s investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$21,361,123 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobile equipment, office furniture and equipment, other equipment, and infrastructure. The total decrease in the City of Artesia’s capital assets (net of depreciation) for the 2014-15 fiscal years was \$6,571. The following is a summary of capital assets (net of depreciation) as of June 30, 2015 and 2014:

	<b>Capital Assets (net of depreciation)</b>	
	<u>2015</u>	<u>2014*</u>
<b>Governmental activities</b>		
Land	\$ 6,233,216	\$ 6,233,216
Buildings	970,051	1,005,325
Improvements other than buildings	273,704	322,720
Automobile equipment	62,487	77,891
Office furniture and equipment	1,501	2,886
Other equipment	434,808	487,615
Infrastructure	10,972,465	8,736,879
Construction in progress	2,412,891	4,501,162
Total governmental activities	<u>\$ 21,361,123</u>	<u>\$ 21,367,694</u>

\*Certain balances or amounts have been restated due to addition of assets formerly held by the Artesia Successor Agency.

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

- Infrastructure increased due to the completion of several street projects.
- Construction in progress – several street projects were completed.

Additional information on the City’s capital assets can be found in Note 4 of the Notes to the Financial Statements.

**Debt Administration**

At the end of the fiscal year, the City had total long-term debt outstanding of \$4,850,414. This includes capital lease, compensated absences, other post-employment benefits and net pension liability as required by GASB 68 and 71. The following is summary of the outstanding debt (net of unamortized charges) at June 30, 2015 and 2014:

**Outstanding Debt**

	2015	2014*
<b>Governmental activities</b>		
Capital lease payable	148,384	195,240
Compensated absences	463,386	448,841
Other post-employment benefits obligation (OPEB)	2,068,932	1,803,946
Net pension liability	2,169,712	2,939,441
Total governmental activities	4,850,414	5,387,468

\*Certain balances or amounts have been restated due to implementation of GASB 68 and 71.

**Long-term Debt.** There was a decrease in long-term debt of \$537,054 over the prior year.

- Capital lease decreased by \$46,856 which were lease payments made.
- Compensated absences liability increased \$14,545 for the increase in accrued time off payable.
- OPEB liability increased \$264,986 for the increase in future benefits payable.
- Net pension liability decreased \$769,729 for the decrease in future retirement benefits payable.

Additional information on the City’s long-term debt and other long-term liabilities can be found in notes 5, 8 and 9 of the *Notes to the Financial Statements*.

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

- City retirement rates (CalPERS) will decrease by 1.505 points for 2015/2016.
- CalPERS Annual Unfunded Accrued Liability valuation as of 6/30/13 will increase 2015/2016 annual cost by an additional \$70,608.00.
- Employees will begin contributing to the CalPERS retirement program at 3% during 2015/2016.
- General Fund Sales tax revenue has increased by 5.37% over 2013/2014. The projection for 2015/16 is estimated to increase 5.0% over 2014/15 actual.
- City has maximized the franchise fee payment with the successful negotiation of a franchise trash contract commencing in fiscal year 2015/16.
- Increases to the City’s contingency and designated reserves will continue to be a budget priority.

The City is continuing a priority of conservative fiscal management where an evaluation of expenses with potential reductions will be implemented for government efficiencies. Conversely, the City is actively pursuing other economic development programs to enhance the City’s revenue resource structure.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Artesia's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, 18747 Clarkdale Avenue, Artesia, CA 90701.

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# **BASIC FINANCIAL STATEMENTS**

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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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 are 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
- Interest on long-term debt

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).

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**City of Artesia**  
**Statement of Net Position**  
**June 30, 2015**

	Primary Government		
	Governmental Activities	Business-type Activity	Total
<b>ASSETS:</b>			
Cash and investments	\$ 7,914,624	\$ 97,133	\$ 8,011,757
Restricted cash and investments	3,504,933	-	3,504,933
Receivables:			
Accounts	917,288	12,526	929,814
Loan	50,783	-	50,783
Interest	10,329	-	10,329
Prepaid items	59,725	-	59,725
Due from other governments	731,374	-	731,374
Capital assets:			
Nondepreciable assets	8,646,107	-	8,646,107
Depreciable assets, net	12,715,016	-	12,715,016
<b>Total assets</b>	<b>34,550,179</b>	<b>109,659</b>	<b>34,659,838</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amount from pension plans	122,602	-	122,602
<b>Total deferred outflows of resources</b>	<b>122,602</b>	<b>-</b>	<b>122,602</b>
<b>LIABILITIES:</b>			
Accounts payable	902,286	75,452	977,738
Accrued liabilities	22,924	-	22,924
Unearned revenues	100,013	-	100,013
Deposits payable	25,525	-	25,525
Noncurrent liabilities:			
Other post-employment benefit obligation	2,068,932	-	2,068,932
Net pension liability	2,169,712	-	2,169,712
Due within one year	92,995	-	92,995
Due in more than one year	518,775	-	518,775
<b>Total liabilities</b>	<b>5,901,162</b>	<b>75,452</b>	<b>5,976,614</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred amount from pension plans	780,963	-	780,963
<b>Total deferred inflows of resources</b>	<b>780,963</b>	<b>-</b>	<b>780,963</b>
<b>NET POSITION:</b>			
Net investment in capital assets	21,212,739	-	21,212,739
Restricted for:			
Public safety	565	-	565
Street projects	5,777,826	-	5,777,826
Housing	224,489	-	224,489
Other purposes	149,057	-	149,057
Unrestricted	625,980	34,207	660,187
<b>Total net position</b>	<b>\$ 27,990,656</b>	<b>\$ 34,207</b>	<b>\$ 28,024,863</b>

See accompanying notes to basic financial statements

**City of Artesia**  
**Statement of Activities and Changes in Net Position**  
**For the year ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
General government	\$ 1,657,600	\$ 60,149	\$ 835,783	\$ -	\$ 895,932
Public safety	3,211,801	531,064	106,230	-	637,294
Parks and recreation	1,486,853	63,909	256,547	-	320,456
Public works	2,260,827	450,261	879,294	183,881	1,513,436
Community development	526,250	47,670	-	-	47,670
Interest on long-term debt	13,000	-	-	-	-
Total governmental activities	9,156,331	1,153,053	2,077,854	183,881	3,414,788
<b>Business-type activity:</b>					
Residential refuse service	905,433	939,640	-	-	939,640
Total	\$ 10,061,764	\$ 2,092,693	\$ 2,077,854	\$ 183,881	\$ 4,354,428

**General revenues:**

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Vehicle license fee collection in excess

Use of money and property

Other

**Total general revenues**

**Change in net position**

**Net position - beginning of year, as restated**

**Net position - end of year**

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activity	Total
\$ (761,668)	\$ -	\$ (761,668)
(2,574,507)	-	(2,574,507)
(1,166,397)	-	(1,166,397)
(747,391)	-	(747,391)
(478,580)	-	(478,580)
(13,000)	-	(13,000)
(5,741,543)	-	(5,741,543)
-	34,207	34,207
(5,741,543)	34,207	(5,707,336)
1,698,157	-	1,698,157
535,124	-	535,124
3,096,626	-	3,096,626
407,926	-	407,926
479,678	-	479,678
163,526	-	163,526
7,216	-	7,216
436,094	-	436,094
70,907	-	70,907
6,895,254	-	6,895,254
1,153,711	34,207	1,187,918
26,836,945	-	26,836,945
\$ 27,990,656	\$ 34,207	\$ 28,024,863

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# FUND FINANCIAL STATEMENTS

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

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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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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 a 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.

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

**LACMTA** is a special revenue fund and accounts for the revenues and expenditures associated with the CML-5355 (023) South Street pedestrian and transit improvement project.

**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 schedules for the General and major special revenue funds are 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, 2015**

	General Fund	Special Revenue Fund Hazard and Litigation
<b>ASSETS</b>		
Cash and investments	\$ 5,134,156	\$ -
Restricted cash and investments	3,504,933	-
Receivables:		
Accounts	854,594	-
Loan	-	-
Interest	10,329	-
Prepaid items	59,725	-
Due from other governments	-	354,923
Due from other funds	826,785	-
<b>Total assets</b>	<b>\$ 10,390,522</b>	<b>\$ 354,923</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 681,339	\$ -
Accrued liabilities	17,990	-
Unearned revenues	49,230	-
Deposits payable	13,630	-
Due to other funds	-	354,923
<b>Total liabilities</b>	<b>762,189</b>	<b>354,923</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenues	-	316,547
<b>Fund Balances (Deficits):</b>		
Nonspendable:		
Prepaid items	59,725	-
Restricted for:		
Street projects	3,504,933	-
Transportation projects	-	-
Housing projects	-	-
Air quality projects	-	-
Public safety	-	-
Committed to:		
Contingency reserve	2,001,250	-
Accrued leave reserve	75,000	-
General plan reserve	65,000	-
Facility repairs and improvements	56,726	-
Vehicle and equipment replacement	30,500	-
Measure M	100,000	-
Assigned to:		
Organizational development plan	121,000	-
Preliminary planning: projects	50,000	-
Water tower project	25,000	-
Business façade improvements	25,000	-
Specific plan development	20,000	-
Business improvement district	10,000	-
Economic development	50,000	-
Unassigned	3,434,199	(316,547)
<b>Total fund balances (deficits)</b>	<b>9,628,333</b>	<b>(316,547)</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 10,390,522</b>	<b>\$ 354,923</b>

See accompanying notes to basic financial statements.

Capital Projects Funds			
LACMTA	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,780,468	\$ 7,914,624
-	-	-	3,504,933
-	6,520	56,174	917,288
-	50,783	-	50,783
-	-	-	10,329
-	-	-	59,725
244,389	-	132,062	731,374
-	-	-	826,785
<u>\$ 244,389</u>	<u>\$ 57,303</u>	<u>\$ 2,968,704</u>	<u>\$ 14,015,841</u>

\$ -	\$ 54,801	\$ 166,146	\$ 902,286
-	-	4,934	22,924
-	50,783	-	100,013
-	-	11,895	25,525
244,389	94,695	132,778	826,785
<u>244,389</u>	<u>200,279</u>	<u>315,753</u>	<u>1,877,533</u>
<u>244,389</u>	<u>-</u>	<u>17,922</u>	<u>578,858</u>

-	-	-	59,725
-	-	808,362	4,313,295
-	-	1,464,531	1,464,531
-	-	224,489	224,489
-	-	149,057	149,057
-	-	565	565
-	-	-	2,001,250
-	-	-	75,000
-	-	-	65,000
-	-	-	56,726
-	-	-	30,500
-	-	-	100,000
-	-	-	121,000
-	-	-	50,000
-	-	-	25,000
-	-	-	25,000
-	-	-	20,000
-	-	-	10,000
-	-	-	50,000
(244,389)	(142,976)	(11,975)	2,718,312
<u>(244,389)</u>	<u>(142,976)</u>	<u>2,635,029</u>	<u>11,559,450</u>
<u>\$ 244,389</u>	<u>\$ 57,303</u>	<u>\$ 2,968,704</u>	<u>\$ 14,015,841</u>

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**City of Artesia**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2015**

**Total Fund Balances - Total Governmental Funds** \$ 11,559,450

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. 21,361,123

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds.

Compensated absences	(463,386)
Other post-employment benefits payable	(2,068,932)
Capital lease	(148,384)
	(2,680,702)
Total long-term liabilities	(2,680,702)

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	122,602
Deferred inflows of resources	(780,963)
Pension liability	(2,169,712)
	(2,828,073)
Total pension related items	(2,828,073)

Certain revenues were recorded as unavailable revenues 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. 578,858

**Net Position of Governmental Activities** **\$ 27,990,656**

**City of Artesia**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2015**

	General Fund	Special Revenue Fund Hazard and Litigation
<b>REVENUES:</b>		
Taxes	\$ 5,526,494	\$ -
Licenses and permits	424,061	-
Intergovernmental	829,958	50,415
Charges for services	121,973	-
Use of money and property	342,587	-
Fines and forfeitures	70,913	-
Developer fees	47,667	-
Other revenues	59,399	-
Payment of bond proceeds from Successor Agency	183,881	-
<b>Total revenues</b>	<b>7,606,933</b>	<b>50,415</b>
<b>EXPENDITURES:</b>		
Current:		
General government	1,458,546	-
Public safety	2,952,640	-
Parks and recreation	966,154	-
Public works	950,656	-
Community development	292,597	-
Capital outlay	1,873	356,114
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
<b>Total expenditures</b>	<b>6,622,466</b>	<b>356,114</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>984,467</b>	<b>(305,699)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	88,996	75,988
Transfers out	(91,069)	-
<b>Total other financing sources (uses)</b>	<b>(2,073)</b>	<b>75,988</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>982,394</b>	<b>(229,711)</b>
<b>FUND BALANCES (DEFICITS):</b>		
Beginning of year	8,645,939	(86,836)
End of year	\$ 9,628,333	\$ (316,547)

See accompanying notes to basic financial statements.

Capital Projects Funds			
LACMTA	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 861,756	\$ 6,388,250
-	-	-	424,061
-	-	1,200,502	2,080,875
-	28,286	460,150	610,409
-	9,225	84,275	436,087
-	-	-	70,913
-	-	-	47,667
-	3,470	8,051	70,920
-	-	-	183,881
-	40,981	2,614,734	10,313,063
-	-	1,629	1,460,175
-	-	218,399	3,171,039
-	-	388,475	1,354,629
-	-	423,100	1,373,756
-	-	233,653	526,250
132,088	314,804	148,569	953,448
-	-	46,856	46,856
-	-	13,000	13,000
132,088	314,804	1,473,681	8,899,153
(132,088)	(273,823)	1,141,053	1,413,910
46,659	-	87,956	299,599
-	-	(208,530)	(299,599)
46,659	-	(120,574)	-
(85,429)	(273,823)	1,020,479	1,413,910
(158,960)	130,847	1,614,550	10,145,540
\$ (244,389)	\$ (142,976)	\$ 2,635,029	\$ 11,559,450

**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 year ended June 30, 2015**

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**Net Change in Fund Balances - Total Governmental Funds** \$ 1,413,910

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 729,509

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. (736,080)

Compensated absences, other postemployment benefit, and capital lease 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 (14,545)

    Change in other post-employment benefits (264,986)

    Change in capital lease 46,856

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. (17,932)

Certain revenues were recorded as unavailable revenue 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. (3,021)

**Change in Net Position of Governmental Activities** \$ 1,153,711

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# PROPRIETARY FUND FINANCIAL STATEMENTS

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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 enterprise fund 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).

**City of Artesia**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2015**

	Business-Type Activity <u>Enterprise Fund</u> Residential Refuse <u>Service</u>
<b>ASSETS</b>	
CURRENT ASSETS:	
Cash and investments	\$ 97,133
Accounts receivable	<u>12,526</u>
<b>Total assets</b>	<u>109,659</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>Liabilities:</b>	
CURRENT LIABILITIES:	
Accounts payable	<u>75,452</u>
<b>Total liabilities</b>	<u>75,452</u>
<b>Net Position</b>	
Unrestricted	<u>34,207</u>
<b>Total net position</b>	<u><u>\$ 34,207</u></u>

**City of Artesia**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**For the year ended June 30, 2015**

	Business-Type Activity Enterprise Fund
	Residential Refuse Service
	<u>                    </u>
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 939,640
	<u>                    </u>
<b>Total operating revenues</b>	<b>939,640</b>
	<u>                    </u>
<b>OPERATING EXPENSES:</b>	
Cost of sales and services	905,433
	<u>                    </u>
<b>Total operating expenses</b>	<b>905,433</b>
	<u>                    </u>
<b>OPERATING INCOME</b>	<b>34,207</b>
	<u>                    </u>
<b>NET POSITION:</b>	
Beginning of year	-
	<u>                    </u>
End of year	\$ 34,207
	<u>                    </u>
	<u>                    </u>

**City of Artesia**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the year ended June 30, 2015**

	Business-Type Activity Enterprise Fund <u>Residential Refuse Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 927,114
Cash payments to suppliers for services	<u>(829,981)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>97,133</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>97,133</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 97,133</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 34,207
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in accounts receivable	(12,526)
Increase (decrease) in accounts payable	<u>75,452</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 97,133</u>

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# FIDUCIARY FUND FINANCIAL STATEMENTS

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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, 2015**

	Successor Agency to the Artesia Redevelopment Agency Private-Purpose Trust Fund	Agency Funds
	<u>Trust Fund</u>	<u>Funds</u>
<b>ASSETS:</b>		
Cash and investments	\$ 927,474	\$ 335,630
Receivables:		
Accounts	-	9,333
Restricted assets:		
Cash and investments - bond proceeds	1,283,731	-
Cash and investments held by fiscal agent	<u>1,140,586</u>	<u>-</u>
<b>Total Assets</b>	<u>3,351,791</u>	<u>\$ 344,963</u>
<b>LIABILITIES:</b>		
Accounts payable	5,220	\$ 38,748
Deposits payable	-	306,215
Accrued interest	75,182	-
Long-term liabilities:		
Due within one year	235,000	-
Due in more than one year	<u>14,656,544</u>	<u>-</u>
<b>Total liabilities</b>	<u>14,971,946</u>	<u>\$ 344,963</u>
<b>NET POSITION:</b>		
Held in trust for other purposes	<u>(11,620,155)</u>	
<b>Total net position for private purpose</b>	<u>\$ (11,620,155)</u>	

See accompanying notes to basic financial statements.

**City of Artesia**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2015**

	Successor Agency to the Artesia Redevelopment Agency Private-Purpose Trust Fund
<b>ADDITIONS:</b>	
Taxes	\$ 1,267,337
Use of money and property	<u>4,400</u>
<b>Total additions</b>	<u>1,271,737</u>
<b>DEDUCTIONS:</b>	
Community development	6,000
Administrative expenses	250,000
Payment of bond proceeds to City	183,881
Interest and fiscal charges	<u>920,771</u>
<b>Total deductions</b>	<u>1,360,652</u>
<b>Change in net position</b>	(88,915)
<b>NET POSITION:</b>	
Beginning of year, as restated	<u>(11,531,240)</u>
End of year	<u><u>\$ (11,620,155)</u></u>

See accompanying notes to basic financial statements.

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**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 Special Revenue 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. 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**  
**For the year ended June 30, 2015**

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**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 Fund Financial Statements

Governmental Fund 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.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

*Governmental Fund 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 year-end such that they are available to finance expenditures of the current period (generally 60 days after 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 Fund Financial Statements*

Proprietary Fund 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.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

*Proprietary Fund 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 Fund 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 Hazard and Litigation Special Revenue Fund's primary function is to account for grant funding of Federal awarded highway transportation and safety improvement projects such as upgraded signage, painted traffic lanes, upgraded x-walks and markings, radar speed signs and handicapped ramps.
- The LACMTA Capital Projects Fund's primary function is to account for CML-5355(023) South Street pedestrian and transit improvement project.
- 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 fund:

- The Residential Refuse Service Proprietary Fund's primary function is to account for the operations of the City's trash hauling service.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**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

In fiscal year 2014-2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68". These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards decreased the governmental activities net position at July 1, 2014 by \$2,810,141.

GASB Statement No. 69 - "Government Combinations and Disposals of Government Operations" was required to be implemented in the current fiscal year and did not impact the City.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*C. New Accounting Pronouncements, Continued*

Pending Accounting Standards

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

- GASB 72 - *"Fair Value Measurement and Application"*, effective for periods beginning after June 15, 2015.
- GASB 73 - *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*, effective for periods beginning after June 15, 2015 - except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016.
- GASB 74 - *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"*, effective for periods beginning after June 15, 2016.
- GASB 75 - *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*, effective for periods beginning after June 15, 2017.
- GASB 76 - *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*, effective for periods beginning after June 15, 2015.

*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**  
**For the year ended June 30, 2015**

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**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 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 market 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

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**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 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 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 fund 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, 2014), 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 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**  
**For the year ended June 30, 2015**

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**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 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**  
**For the year ended June 30, 2015**

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**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.

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.

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 13-2372 and requires a four-fifths vote to expend the funds. The balance of this reserve as of June 30, 2015 was \$2,001,250.

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**  
**For the year ended June 30, 2015**

**2. 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*

Pensions

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

*E. Use of Estimates*

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

**2. CASH AND INVESTMENTS**

As of June 30, 2015, cash and investments were reported in the accompanying financial statements as follows:

	Government Wide Statement of <u>Net Position</u>	Fiduciary Funds Statement of <u>Net Position</u>	<u>Total</u>
Unrestricted assets:			
Cash and investments	\$ 8,011,757	\$ 1,263,104	\$ 9,274,861
Restricted assets:			
Cash and investments - bond proceeds	3,504,933	1,283,731	4,788,664
Cash and investments held by fiscal agent	-	<u>1,140,586</u>	<u>1,140,586</u>
Total cash and investments	<u>\$ 11,516,690</u>	<u>\$ 3,687,421</u>	<u>\$ 15,204,111</u>

Cash and investments at June 30, 2015 consisted of the following:

Cash in hand (petty cash)	\$ 500
Demand deposits	249,798
Cash held by fiscal agent	343,210
Investments held by fiscal agent	797,376
Investments	<u>13,813,227</u>
Total cash and investments	<u>\$ 15,204,111</u>

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

**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	52 weeks	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	\$50,000,000	None
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**  
**For the year ended June 30, 2015**

**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>	<u>Remaining Maturity (in Years)</u> <u>1 Year or Less</u>
Local Agency Investment Fund (LAIF) Held by Fiscal Agent:	\$ 13,813,227
Money market mutual funds	<u>797,376</u>
	<u>\$ 14,610,603</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 year end for each investment type:

<u>Investment Type</u>	<u>Total as of June 30, 2015</u>	<u>Minimum Legal Rating</u>	<u>AAA</u>	<u>Not Rated</u>
Local Agency Investment Fund (LAIF) Held by Fiscal Agent:	\$ 13,813,227	N/A	\$ -	\$ 13,813,227
Money market mutual funds	<u>797,376</u>	A	<u>797,376</u>	<u>-</u>
	<u>\$ 14,610,603</u>		<u>\$ 797,376</u>	<u>\$ 13,813,227</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, 2015, the City's investments were with LAIF and money market mutual funds held by fiscal agent which are exempt from this requirement.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**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 market 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, 2015, 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 \$343,210 of cash held by fiscal agent, \$250,000 is insured by the Federal Deposit Insurance Corporation (FDIC) and the remaining \$93,210 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.

**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, 2015 the outstanding loan receivable is \$50,783.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance at		Restated			Balance at
	July 1, 2014	Restatement	Balance at	Additions	Deletions	June 30, 2015
			July 1, 2014			
Capital assets, not being depreciated:						
Land	\$ 6,233,216	\$ -	\$ 6,233,216	\$ -	\$ -	\$ 6,233,216
Construction in progress	<u>4,179,035</u>	<u>322,126</u>	<u>4,501,161</u>	<u>729,509</u>	<u>(2,817,779)</u>	<u>2,412,891</u>
Total capital assets, not being depreciated	<u>10,412,251</u>	<u>322,126</u>	<u>10,734,377</u>	<u>729,509</u>	<u>(2,817,779)</u>	<u>8,646,107</u>
Capital assets, being depreciated:						
Buildings	1,761,750	-	1,761,750	-	-	1,761,750
Improvements other than buildings	772,508	27,274	799,782	-	-	799,782
Automobile equipment	446,579	-	446,579	-	-	446,579
Office furniture and equipment	237,246	-	237,246	-	-	237,246
Other equipment	1,067,479	-	1,067,479	-	-	1,067,479
Infrastructure	<u>8,452,137</u>	<u>3,066,934</u>	<u>11,519,071</u>	<u>2,817,779</u>	<u>-</u>	<u>14,336,850</u>
Total capital assets, being depreciated	<u>12,737,699</u>	<u>3,094,208</u>	<u>15,831,907</u>	<u>2,817,779</u>	<u>-</u>	<u>18,649,686</u>
Less accumulated depreciation for:						
Buildings	(756,425)	-	(756,425)	(35,274)	-	(791,699)
Improvements other than buildings	(466,000)	(11,061)	(477,061)	(49,016)	-	(526,077)
Automobile equipment	(368,688)	-	(368,688)	(15,404)	-	(384,092)
Office furniture and equipment	(234,360)	-	(234,360)	(1,385)	-	(235,745)
Other equipment	(579,864)	-	(579,864)	(52,808)	-	(632,672)
Infrastructure	<u>(2,547,736)</u>	<u>(234,456)</u>	<u>(2,782,192)</u>	<u>(582,193)</u>	<u>-</u>	<u>(3,364,385)</u>
Total accumulated depreciation	<u>(4,953,073)</u>	<u>(245,517)</u>	<u>(5,198,590)</u>	<u>(736,080)</u>	<u>-</u>	<u>(5,934,670)</u>
Total capital assets, being depreciated, net	<u>7,784,626</u>	<u>2,848,691</u>	<u>10,633,317</u>	<u>2,081,699</u>	<u>-</u>	<u>12,715,016</u>
Total governmental activities capital assets, net	<u>\$ 18,196,877</u>	<u>\$ 3,170,817</u>	<u>\$ 21,367,694</u>	<u>\$ 2,811,208</u>	<u>\$ (2,817,779)</u>	<u>\$ 21,361,123</u>

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

General government	\$ 26,685
Public works	589,963
Parks and recreation	102,296
Public safety	<u>17,136</u>
Total depreciation expense - governmental activities	<u>\$ 736,080</u>

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

**5. LONG-TERM DEBT**

The following is a schedule of changes in long-term debt of the City for the fiscal year ended June 30, 2015:

	Balance at <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2015</u>	Due Within <u>One Year</u>	Due in More <u>Than One Year</u>
Compensated absences	\$ 448,841	\$ 139,819	\$ (125,274)	\$ 463,386	\$ 42,517	\$ 420,869
Capital lease	<u>195,240</u>	<u>-</u>	<u>(46,856)</u>	<u>148,384</u>	<u>50,478</u>	<u>97,906</u>
Total long-term debt	<u>\$ 644,081</u>	<u>\$ 139,819</u>	<u>\$ (172,130)</u>	<u>\$ 611,770</u>	<u>\$ 92,995</u>	<u>\$ 518,775</u>

**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, 2015 was \$463,386.

**Capital Lease**

The City entered into a capital lease with CALE America, Inc. for parking meters. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date in the City's capital assets. The future minimum lease obligations and the net present value of these payments as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2016	\$ 59,856
2017	59,856
2018	<u>44,892</u>
Total minimum lease payments	164,604
Less: amounts representing interest	<u>(16,220)</u>
Present value of minimum lease payments	<u>\$ 148,384</u>

The assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Other equipment	\$ 249,110
Less: accumulated depreciation	<u>(37,366)</u>
	<u>\$ 211,744</u>

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2015, was as follows:

**Due To / Due From Other Funds**

At June 30, 2015, the City had the following due to/from other funds:

<u>Due To (payable)</u>	<u>Due From (receivable)</u>	<u>Amount</u>
Hazard and Litigation		
Special Revenue Fund	General Fund	\$ 354,923
LACMTA		
Capital Projects Fund	General Fund	244,389
Capital Projects		
Capital Projects Fund	General Fund	94,695
Non-major Governmental Funds	General Fund	<u>132,778</u>
		<u>\$ 826,785</u>

The above interfund balances resulted from temporary reclassifications made at June 30, 2015 to cover cash shortfalls.

**Interfund Transfers**

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Hazard and Litigation	
	Special Revenue Fund	\$ 38,877
	Non-major Governmental Funds	52,192
Non-major Governmental Funds	General Fund	88,996
	Hazard and Litigation	
	Special Revenue Fund	37,111
	LACMTA	
	Capital Projects Fund	46,659
	Non-major Governmental Funds	<u>35,764</u>
		<u>\$ 299,599</u>

The General Fund received transfers from the non-major Parks & Recreation Grants and Billboard Special Revenue Funds for the purpose of expenditure offset. The General Fund provided matching funds to the major Hazard and Litigation Special Revenue Fund as well as non-major Artesia Lighting District Special Revenue Fund and Safe Routes to School Capital Projects Funds. LACMTA Capital Projects Fund received transfer from non-major State Gas Tax Special Revenue Fund for the purpose of expenditure offset.

Non-major Governmental Funds - The Gas Tax Special Revenue Fund transferred to the Safe Route to School Capital Projects Fund. Hi-Tech Grant Special Revenue Fund provided funds to the Sheriff Special Revenue Fund.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

**7. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

**Deficit Fund Balances**

At June 30, 2015, the following funds had deficit fund balances:

Major Special Revenue Fund:		
Hazard and Litigation	\$	(316,547)
Major Capital Projects Funds:		
LACMTA		(244,389)
Capital Projects		(142,976)
Non-major Governmental Capital Projects Fund:		
Safe Route to School		(11,975)

Each of the Special Revenue and Capital Projects Funds with deficit fund balances received funding through current programs and will be reimbursed once grant drawdown requests are approved by the granting agencies with the exception of the Capital Projects Capital Projects Fund for which the City will make a transfer from the General Fund in fiscal year 2015-2016.

**Excess of Expenditures over Appropriations**

Excess of expenditures over appropriations occurred at individual departmental levels and major categories during the fiscal year 2015 as follows:

	<u>Actual Amounts</u>	<u>Budgeted Amounts</u>	<u>Excess Expenditures Over Appropriations</u>
Major Funds:			
General Fund:			
General government:			
City attorney	\$ 374,313	\$ 244,044	\$ 130,269
Parks and recreation:			
Community promotion	66,284	57,050	9,234
Parks/recreation	899,517	854,865	44,652
Summer lunch	218	-	218
Public works - Building and safety	300,095	262,000	38,095
Capital outlay	1,873	1,790	83
Transfers out	91,069	-	91,069
Capital Projects:			
Capital outlay	314,804	-	314,804
Non-major Governmental Special Revenue Funds:			
State Gas Tax - Public works	358,309	353,647	4,662
State Gas Tax - Capital outlay	26,047	12,500	13,547
State Gas Tax - Transfers out	92,728	83,931	8,797
Parks and Recreation - Transfers out	8,800	2,000	6,800
Proposition C - Public works	54,509	49,920	5,219
Proposition C - Transfers out	24,517	21,071	3,446
Bicycle/Pedestrian - Public works	3,500	-	3,500
California Beverage Recycling - General government	1,629	-	1,629
Artesia Lighting District - Community development	173,210	165,600	7,610
Community Development Block Grant -			
Parks and recreation	170,333	101,434	68,899
Billboard - Transfers out	80,195	80,160	35
C.O.P.S. Grant - Public safety	106,230	100,000	6,230

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

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**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.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to</u> <u>January 1, 2013</u>	<u>On or After</u> <u>January 1, 2013</u>
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.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**8. RETIREMENT PLANS, Continued**

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 2,169,712</u>

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, 2014, 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, 2013 rolled forward to June 30, 2014 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, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2013	0.08971%
Proportion - June 30, 2014	0.08779%
Change - Increase (Decrease)	-0.00192%

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**8. RETIREMENT PLANS, Continued**

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

For the year ended June 30, 2015, the City recognized pension expense of \$140,534. At June 30, 2015, 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
	<u>                    </u>	<u>                    </u>
Pension contributions subsequent to measurement date	\$ 122,602	\$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(71,854)
Net differences between projected and actual earnings on plan investments	-	(709,109)
Total	<u>\$ 122,602</u>	<u>\$ (780,963)</u>

\$122,602 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	<u>Amount</u>
2016	\$ (202,939)
2017	(202,939)
2018	(197,807)
2019	(177,278)
2020	-
Thereafter	-

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**8. RETIREMENT PLANS, Continued**

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

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 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 7.50% 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 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% 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**  
**For the year ended June 30, 2015**

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**8. RETIREMENT PLANS, Continued**

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

Discount Rate, Continued

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

**8. RETIREMENT PLANS, Continued**

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

Discount Rate, Continued

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

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

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

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:

	Miscellaneous
1% Decrease	6.50%
Net Pension Liability	\$ 3,827,100
Current Discount Rate	7.50%
Net Pension Liability	\$ 2,169,712
1% Increase	8.50%
Net Pension Liability	\$ 794,237

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**8. RETIREMENT PLANS, Continued**

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

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, 2015, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

**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.

**Eligibility**

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a CalPERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of 29 eligible active employees and 25 enrolled eligible retirees at June 30, 2015. These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

**Funding Policy**

The contribution requirements of plan members and the City are established and may be amended by the City and the City Council. The City makes a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2015, the City contributed \$174,398 to the plan in premium payments for retiree insurance. No payments were made to the trust.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined to provide a level of funding that, if paid on an ongoing basis, is projected to cover the normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

**City of Artesia**  
**Notes to Basic Financial Statements**  
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**9. OTHER POST-EMPLOYMENT BENEFITS, Continued**

**Annual OPEB Cost and Net OPEB Obligation, Continued**

As of the July 1, 2012 actuarial valuation, the Annual Required Contribution (ARC) for the year ended June 30, 2015, was \$471,548. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 471,548
Interest on net OPEB obligation	72,158
Adjustment to annual required contribution	<u>(104,322)</u>
Annual OPEB cost (expense)	439,384
Contributions made	<u>(174,398)</u>
Increase in net OPEB obligation	264,986
Net OPEB obligation - beginning of year	<u>1,803,946</u>
 Net OPEB obligation - end of year	 <u>\$ 2,068,932</u>

The City's annual OPEB cost, annual contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years are presented below.

Fiscal Year	Annual OPEB Cost	Actual Annual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 448,633	\$ 204,999	46%	\$ 1,528,820
6/30/2014	444,289	169,163	38%	1,803,946
6/30/2015	439,384	174,398	40%	2,068,932

Typically, the General Fund has been used to liquidate the liability for other post-employment benefits.

**Funding Status and Progress**

As of July 1, 2015, the most recent valuation date, the actuarial accrued liability for benefits was \$5,696,832, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,696,832 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$1,437,166 and the ratio of the UAAL to covered payroll was 396.39%.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**9. OTHER POST-EMPLOYMENT BENEFITS, Continued**

**Funding Status and Progress, Continued**

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

**Actuarial Methods and Assumptions**

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

The actuarial cost method used for determining the benefit obligations is the projected unit credit method. The actuarial assumptions included a 4.0% investment rate of return, which is based on assumed long-term investment returns on plan assets and on the City's assets, as appropriate, and a 4.0% discount rate. The trend rate for dental is 4% while the trend rate for medical is 8% for 2015, decreasing 1% per year until it reaches 5% in 2018. The inflation rate is 2.5%. The UAAL is being amortized as a level percentage of projected payroll 30 years on an open basis.

**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.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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

***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 2014-15, 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 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.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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

***B. Self-Insurance Programs of the Authority, Continued***

Workers' Compensation Coverage, Continued:

For 2014-15 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 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year 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 \$20,098,105. 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.

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 \$18,531,170. 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 2014-15.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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

*E. Claims Activity*

A summary of the changes in claims liabilities for the past three fiscal years is as follows:

Year Ended June 30,	Claims Payable (Receivable) July 1	Fiscal Year Claims and Changes in Estimates	Claims Payments	Claims Payable (Receivable) June 30,
2013	\$ 731,555	\$ -	\$ (731,555)	\$ -
2014	-	-	(223,822)	(223,822)
2015	(223,822)	2,571	-	(221,251)

**11. RECENT 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 2015, 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).

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.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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

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 2015, 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 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.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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

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, 2014. The LRPMP included certain real properties originally purchased with funds of the Dissolved RDA, but were owned by the City. In its March 7, 2014 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**  
**For the year ended June 30, 2015**

**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**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance at		Restated			Balance at
	July 1, 2014	Restatement	Balance at	Additions	Deletions	June 30, 2015
	<u>July 1, 2014</u>	<u>Restatement</u>	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Capital assets, not being depreciated:						
Construction in progress	\$ 447,270	\$ (447,270)	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	<u>447,270</u>	<u>(447,270)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets, being depreciated:						
Improvements other than buildings	27,274	(27,274)	-	-	-	-
Infrastructure	<u>3,066,934</u>	<u>(3,066,934)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, being depreciated	<u>3,094,208</u>	<u>(3,094,208)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation for:						
Improvements other than buildings	(11,061)	11,061	-	-	-	-
Infrastructure	<u>(234,456)</u>	<u>234,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>(245,517)</u>	<u>245,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, being depreciated, net	<u>2,848,691</u>	<u>(2,848,691)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets, net	<u>\$ 3,295,961</u>	<u>\$ (3,295,961)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

**12. SUCCESSOR AGENCY DISCLOSURES, Continued**

**Long-Term Liabilities**

Long-term liabilities activity for the year ended June 30, 2015 was as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015	Due Within One Year
2007 Tax Allocation Bonds	\$ 11,995,000	\$ -	\$ (195,000)	\$ 11,800,000	\$ 205,000
Less: Issuance discounts	(231,606)	-	8,150	(223,456)	-
2009 Housing Tax Allocation Bonds	<u>3,340,000</u>	-	<u>(25,000)</u>	<u>3,315,000</u>	<u>30,000</u>
Total long-term debt	<u>\$ 15,103,394</u>	<u>\$ -</u>	<u>\$ (211,850)</u>	<u>\$ 14,891,544</u>	<u>\$ 235,000</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. \$854,556 is maintained in a reserve account that meets conditions as set forth in the Bond Indenture. The principal balance outstanding at June 30, 2015 was \$11,800,000.

Original bond issuance discount on the bonds was \$285,264, and the unamortized balance of the discount as of June 30, 2015 was \$223,456.

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 \$22,981,042. Principal and interest paid for the current year was \$851,390.

The annual requirements to amortize the 2007 Tax Allocation Bonds outstanding at June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 205,000	\$ 646,925	\$ 851,925
2017	215,000	636,790	851,790
2018	225,000	626,020	851,020
2019	240,000	614,555	854,555
2020	250,000	602,135	852,135
2021 - 2025	1,450,000	2,798,961	4,248,961
2026 - 2030	1,900,000	2,356,681	4,256,681
2031 - 2035	2,485,000	1,769,080	4,254,080
2036 - 2040	3,260,000	998,060	4,258,060
2041 - 2042	<u>1,570,000</u>	<u>131,835</u>	<u>1,701,835</u>
Totals	<u>\$ 11,800,000</u>	<u>\$ 11,181,042</u>	<u>\$ 22,981,042</u>

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

**12. SUCCESSOR AGENCY DISCLOSURES, Continued**

**Long-Term Liabilities, Continued**

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, 2015 was \$3,315,000.

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 \$8,787,390. Principal and interest paid for the current year was \$282,180.

The annual requirements to amortize the 2009 Housing Tax Allocation Bonds outstanding at June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 30,000	\$ 255,255	\$ 285,255
2017	30,000	252,945	282,945
2018	35,000	250,635	285,635
2019	35,000	247,940	282,940
2020	40,000	245,245	285,245
2021 - 2025	240,000	1,176,560	1,416,560
2026 - 2030	350,000	1,068,375	1,418,375
2031 - 2035	505,000	911,680	1,416,680
2036 - 2040	730,000	685,300	1,415,300
2041 - 2045	1,055,000	358,050	1,413,050
2046	265,000	20,405	285,405
Totals	<u>\$ 3,315,000</u>	<u>\$ 5,472,390</u>	<u>\$ 8,787,390</u>

Rebatable Arbitrage

The Successor Agency is obligated to calculate arbitrage rebates on all tax allocation bonds. At June 30, 2015, there was no rebatable arbitrage liability.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**13. RESTATEMENT OF NET POSITION**

Net position for the governmental activities as of July 1, 2014 was restated as follows:

Net position as previously reported as of June 30, 2014	\$ 26,476,269
Implementation of GASB Statements 68 and 71 to record pension liability at beginning of year	(2,810,141)
Correction of expenses previously capitalized that did not meet the requirements for capitalization	(125,144)
Correction of assets previously recorded in the Successor Agency that represent City assets	<u>3,295,961</u>
Net position as restated July 1, 2014	<u>\$ 26,836,945</u>

Net position for the Successor Agency to the Artesia Redevelopment Agency Private-Purpose Trust Fund as of July 1, 2014 was restated as follows:

Net position as previously reported as of June 30, 2014	\$ (8,235,279)
Correction of assets previously recorded in the Successor Agency that represent City assets	<u>(3,295,961)</u>
Net position as restated July 1, 2014	<u>\$ (11,531,240)</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.

**City of Artesia**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2015**

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**14. COMMITMENTS AND CONTINGENCIES, Continued**

*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, 2015, 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. SUBSEQUENT EVENTS**

Events occurring after June 30, 2015 have been evaluated for possible adjustments to the financial statements or disclosure as of January 26, 2016, which is the date these financial statements were available to be issued.

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# REQUIRED SUPPLEMENTARY INFORMATION

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**City of Artesia**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Last Ten Fiscal Years\***

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	2015
Plan's proportion of the net pension liability	0.03487%
Plan's proportionate share of the net pension liability	\$ 2,169,712
Plan's covered - employee payroll	\$ 1,562,635
Plan's proportionate share of the net pension liability as a percentage of its covered - employee payroll	138.85%
Plan's proportionate share of fiduciary net position as a percentage of the Plan's total pension liability	82.63%
Plan's proportionate share of aggregate employer contributions	\$ 279,165

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**City of Artesia**  
**Schedule of Contributions - Defined Benefit Pension Plans**  
**Last Ten Fiscal Years\***

	2015
Contractually required contribution (actuarially determined)	\$ 122,602
Contributions in relation to the actuarially determined contributions	<u>(122,602)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered - employee payroll	\$ 1,437,166
Contributions as a percentage of covered - employee payroll	8.53%

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	7 years (2%@60) and 30 years (2%@62)
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service, and type of employment; including inflation of 2.75%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	50 years (2%@60) and 52 years (2%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**City of Artesia**  
**Schedule of Funding Progress**  
**For the year ended June 30, 2015**

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**OTHER POST-EMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Payroll [(b)-(a)]/(c)
7/1/2009	\$ -	\$ 4,870,630	\$ 4,870,630	0.00%	\$ 1,380,343	352.86%
7/1/2012	\$ -	\$ 4,781,131	\$ 4,781,131	0.00%	\$ 1,380,343	346.37%
7/1/2015	\$ -	\$ 5,696,832	\$ 5,696,832	0.00%	\$ 1,437,166	396.39%

**City of Artesia**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ 8,645,939	\$ 8,645,939	\$ 8,645,939	\$ -
<b>Resources (inflows):</b>				
Taxes	5,236,134	5,236,134	5,526,494	290,360
Licenses and permits	298,000	298,000	424,061	126,061
Intergovernmental	750,000	750,000	829,958	79,958
Charges for services	118,150	118,150	121,973	3,823
Use of money and property	279,152	279,152	342,587	63,435
Fines and forfeitures	173,000	173,000	70,913	(102,087)
Developer fees	45,000	45,000	47,667	2,667
Other revenues	-	-	59,399	59,399
Payment of bond proceeds from successor agency	-	-	183,881	183,881
Transfers in	331,079	331,079	88,996	(242,083)
Amount available for appropriation	<u>7,230,515</u>	<u>7,230,515</u>	<u>7,695,929</u>	<u>465,414</u>
<b>Charges to appropriations (outflows):</b>				
<b>General government:</b>				
City council	179,468	179,468	171,740	7,728
City attorney	244,044	244,044	374,313	(130,269)
City manager	559,272	559,272	419,766	139,506
General operations	-	-	(10,893)	10,893
Personnel/risk management	144,359	144,359	32,479	111,880
Business license	25,173	25,173	4,910	20,263
City Clerk/Treasurer	166,772	166,772	150,534	16,238
Finance	320,885	320,885	315,697	5,188
Total general government	<u>1,639,973</u>	<u>1,639,973</u>	<u>1,458,546</u>	<u>181,427</u>
Public safety	<u>2,965,153</u>	<u>2,965,153</u>	<u>2,952,640</u>	<u>12,513</u>
<b>Parks and recreation:</b>				
Community promotion	57,050	57,050	66,284	(9,234)
Parks/recreation	854,865	854,865	899,517	(44,652)
Park commission	225	225	135	90
Summer lunch	-	-	218	(218)
Total parks and recreation	<u>912,140</u>	<u>912,140</u>	<u>966,154</u>	<u>(54,014)</u>
<b>Public works:</b>				
Building and safety	262,000	262,000	300,095	(38,095)
Public works	703,899	703,899	602,275	101,624
Beautification commission	1,675	1,675	-	1,675
City engineer	130,879	130,879	48,286	82,593
Total public works	<u>1,098,453</u>	<u>1,098,453</u>	<u>950,656</u>	<u>147,797</u>

See accompanying note to required supplementary information.

**City of Artesia**  
**Budgetary Comparison Schedule**  
**General Fund, Continued**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Charges to appropriations (outflows) (continued):				
Community development:				
Planning	\$ 333,358	\$ 333,358	\$ 290,350	\$ 43,008
Planning commission	4,500	4,500	2,247	2,253
Total community development	<u>337,858</u>	<u>337,858</u>	<u>292,597</u>	<u>45,261</u>
Capital outlay	<u>1,790</u>	<u>1,790</u>	<u>1,873</u>	<u>(83)</u>
Transfers out	<u>-</u>	<u>-</u>	<u>91,069</u>	<u>(91,069)</u>
Total charges to appropriations	<u>6,955,367</u>	<u>6,955,367</u>	<u>6,713,535</u>	<u>241,832</u>
Excess of resources over charges to appropriations	<u>275,148</u>	<u>275,148</u>	<u>982,394</u>	<u>707,246</u>
<b>Fund balance, June 30</b>	<u>\$ 8,921,087</u>	<u>\$ 8,921,087</u>	<u>\$ 9,628,333</u>	<u>\$ 707,246</u>

See accompanying note to required supplementary information.

**City of Artesia**  
**Budgetary Comparison Schedule**  
**Hazard and Litigation Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance (deficit), July 1</b>	\$ (86,836)	\$ (86,836)	\$ (86,836)	\$ -
Resources (inflows):				
Intergovernmental	742,500	742,500	50,415	(692,085)
Transfers in	82,500	82,500	75,988	(6,512)
Amount available for appropriation	825,000	825,000	126,403	(698,597)
Charges to appropriations (outflows):				
Capital outlay	825,000	825,000	356,114	468,886
Total charges to appropriations	825,000	825,000	356,114	468,886
Excess of resources over charges to appropriations	-	-	(229,711)	(229,711)
<b>Fund balance (deficit), June 30</b>	\$ (86,836)	\$ (86,836)	\$ (316,547)	\$ (229,711)

See accompanying note to required supplementary information.

**City of Artesia**  
**Note to Required Supplementary Information**  
**For the year ended June 30, 2015**

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**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: (a) Federal STP-L, (b) Hi-Tech Grant, or (c) Sheriff.

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# SUPPLEMENTARY INFORMATION

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# NON-MAJOR GOVERNMENTAL FUNDS

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## 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.

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

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

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

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.

Bicycle/Pedestrian - To account for Transportation Development Act (TDA) Article 3 Bicycle and Pedestrian funds allocated to local agencies on a per-capita basis. Funds may be used for design and construction of pedestrian and bicycle facilities and amenities (including wheelchair ramps).

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.

Community Development Block Grant - To account for revenues and expenditures under the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) Program.

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

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.

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# NON-MAJOR GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS (CONTINUED)

Hi-Tech Grant - To account for a one-time funding used for the enhancement of law enforcement programs and equipment.

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.

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

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.

Paid Parking - To account for city parking lot improvements, preferential parking permits, parking pay station income and related expenses of the parking program in and near the downtown business district.

## CAPITAL PROJECTS FUND

Safe Route to School - To account for state awarded school traffic safety grants used for outreach to schools, public awareness programs, and sometimes infrastructure or equipment to facilitate safe routes to schools.

**City of Artesia  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2015**

	Special Revenue Funds			
	State Gas Tax	Parks and Recreation Grants	Federal STP-L	Proposition A
<b>ASSETS</b>				
Cash and investments	\$ 735,279	\$ -	\$ 58,614	\$ 448,163
Receivables:				
Accounts	49,197	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 784,476</b>	<b>\$ -</b>	<b>\$ 58,614</b>	<b>\$ 448,163</b>
<b>LIABILITIES, DEFERERED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 33,324	\$ -	\$ -	\$ 10,547
Accrued liabilities	1,404	-	-	749
Deposit payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>34,728</b>	<b>-</b>	<b>-</b>	<b>11,296</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Fund Balances (Deficit):</b>				
Restricted for:				
Street projects	749,748	-	58,614	-
Transportation projects	-	-	-	436,867
Housing projects	-	-	-	-
Air quality projects	-	-	-	-
Public safety	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>749,748</b>	<b>-</b>	<b>58,614</b>	<b>436,867</b>
<b>Total liabilities, deferred inflows of resouces and fund balances</b>	<b>\$ 784,476</b>	<b>\$ -</b>	<b>\$ 58,614</b>	<b>\$ 448,163</b>

Special Revenue Funds (Continued)

Proposition C	Air Quality	Bicycle/ Pedestrian	California Beverage Recycling	Artesia Lighting District	Community Development Block Grant	Billboard
\$ 168,729	\$ 112,990	\$ -	\$ 30,606	\$ -	\$ -	\$ -
-	5,461	-	-	1,516	-	-
-	-	-	-	-	120,087	-
<u>\$ 168,729</u>	<u>\$ 118,451</u>	<u>\$ -</u>	<u>\$ 30,606</u>	<u>\$ 1,516</u>	<u>\$ 120,087</u>	<u>\$ -</u>
\$ 2,706	\$ -	\$ -	\$ -	\$ -	\$ 490	\$ -
384	-	-	-	-	310	-
-	-	-	-	-	-	-
-	-	-	-	1,516	119,287	-
<u>3,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,516</u>	<u>120,087</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
165,639	-	-	-	-	-	-
-	-	-	-	-	-	-
-	118,451	-	30,606	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>165,639</u>	<u>118,451</u>	<u>-</u>	<u>30,606</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 168,729</u>	<u>\$ 118,451</u>	<u>\$ -</u>	<u>\$ 30,606</u>	<u>\$ 1,516</u>	<u>\$ 120,087</u>	<u>\$ -</u>

(Continued)

**City of Artesia**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds, Continued**  
**June 30, 2015**

	Special Revenue Funds (Continued)			
	MAP 21 Exchange	Hi-Tech Grant	Sheriff	C.O.P.S Grant
<b>ASSETS</b>				
Cash and investments	\$ 55,918	\$ -	\$ 406	\$ 106,389
Receivables:				
Accounts	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 55,918</b>	<b>\$ -</b>	<b>\$ 406</b>	<b>\$ 106,389</b>
<b>LIABILITIES, DEFERERED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 106,230
Accrued liabilities	-	-	-	-
Deposit payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,230</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Fund Balances (Deficit):</b>				
Restricted for:				
Street projects	-	-	-	-
Transportation projects	55,918	-	-	-
Housing projects	-	-	-	-
Air quality projects	-	-	-	-
Public safety	-	-	406	159
Unassigned	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>55,918</b>	<b>-</b>	<b>406</b>	<b>159</b>
<b>Total liabilities, deferred inflows of resouces and fund balances</b>	<b>\$ 55,918</b>	<b>\$ -</b>	<b>\$ 406</b>	<b>\$ 106,389</b>

Special Revenue Funds (Continued)			Capital Projects Fund	Total Non-Major Governmental Funds
Measure R	Housing Authority	Paid Parking	Safe Route to School	
\$ 424,157	\$ 242,331	\$ 396,886	\$ -	\$ 2,780,468
-	-	-	-	56,174
-	-	-	11,975	132,062
<u>\$ 424,157</u>	<u>\$ 242,331</u>	<u>\$ 396,886</u>	<u>\$ 11,975</u>	<u>\$ 2,968,704</u>
\$ -	\$ -	\$ 12,849	\$ -	\$ 166,146
-	-	2,087	-	4,934
-	11,895	-	-	11,895
-	-	-	11,975	132,778
-	11,895	14,936	11,975	315,753
-	5,947	-	11,975	17,922
-	-	-	-	808,362
424,157	-	381,950	-	1,464,531
-	224,489	-	-	224,489
-	-	-	-	149,057
-	-	-	-	565
-	-	-	(11,975)	(11,975)
<u>424,157</u>	<u>224,489</u>	<u>381,950</u>	<u>(11,975)</u>	<u>2,635,029</u>
<u>\$ 424,157</u>	<u>\$ 242,331</u>	<u>\$ 396,886</u>	<u>\$ 11,975</u>	<u>\$ 2,968,704</u>

**City of Artesia**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds			
	State Gas Tax	Parks and Recreation Grants	Federal STP-L	Proposition A
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 295,008
Intergovernmental	491,484	8,800	-	6,053
Charges for services	-	-	-	-
Use of money and property	2,029	-	156	1,073
Other revenues	8,051	-	-	-
<b>Total revenues</b>	<b>501,564</b>	<b>8,800</b>	<b>156</b>	<b>302,134</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	218,142
Public works	358,309	-	-	-
Community development	-	-	-	-
Capital outlay	26,047	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>384,356</b>	<b>-</b>	<b>-</b>	<b>218,142</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>117,208</b>	<b>8,800</b>	<b>156</b>	<b>83,992</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(92,728)	(8,800)	-	-
<b>Total other financing sources (uses)</b>	<b>(92,728)</b>	<b>(8,800)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>24,480</b>	<b>-</b>	<b>156</b>	<b>83,992</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	725,268	-	58,458	352,875
End of year	<u>\$ 749,748</u>	<u>\$ -</u>	<u>\$ 58,614</u>	<u>\$ 436,867</u>

Special Revenue Funds (Continued)

Proposition C	Air Quality	Bicycle/ Pedestrian	California Beverage Recycling	Artesia Lighting District	Community Development Block Grant	Billboard
\$ 245,057	\$ -	\$ -	\$ -	\$ 138,124	\$ -	\$ -
-	20,814	3,500	5,825	-	170,333	80,160
-	-	-	-	-	-	-
434	280	-	81	-	-	35
-	-	-	-	-	-	-
<u>245,491</u>	<u>21,094</u>	<u>3,500</u>	<u>5,906</u>	<u>138,124</u>	<u>170,333</u>	<u>80,195</u>
-	-	-	1,629	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	170,333	-
54,509	640	3,500	-	-	-	-
-	-	-	-	173,210	-	-
122,522	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>177,031</u>	<u>640</u>	<u>3,500</u>	<u>1,629</u>	<u>173,210</u>	<u>170,333</u>	<u>-</u>
68,460	20,454	-	4,277	(35,086)	-	80,195
-	-	-	-	35,086	-	-
(24,517)	(2,000)	-	-	-	-	(80,195)
(24,517)	(2,000)	-	-	35,086	-	(80,195)
43,943	18,454	-	4,277	-	-	-
121,696	99,997	-	26,329	-	-	-
<u>\$ 165,639</u>	<u>\$ 118,451</u>	<u>\$ -</u>	<u>\$ 30,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**City of Artesia**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds, Continued**  
**For the year ended June 30, 2015**

	Special Revenue Funds (Continued)			
	MAP 21 Exchange	Hi-Tech Grant	Sheriff	C.O.P.S. Grant
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	106,230
Charges for services	-	-	-	-
Use of money and property	-	-	-	159
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,389</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	150	106,230
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>106,230</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(150)</b>	<b>159</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	290	-
Transfers out	-	(290)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(290)</b>	<b>290</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(290)</b>	<b>140</b>	<b>159</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	55,918	290	266	-
End of year	\$ 55,918	\$ -	\$ 406	\$ 159

Special Revenue Funds (Continued)			Capital Projects Fund	Total Non-Major Governmental Funds
Measure R	Housing Authority	Paid Parking	Safe Route to School	
\$ 183,567	\$ -	\$ -	\$ -	\$ 861,756
-	-	-	307,303	1,200,502
-	-	460,150	-	460,150
902	78,570	556	-	84,275
-	-	-	-	8,051
<u>184,469</u>	<u>78,570</u>	<u>460,706</u>	<u>307,303</u>	<u>2,614,734</u>
-	-	-	-	1,629
-	-	108,854	3,165	218,399
-	-	-	-	388,475
6,142	-	-	-	423,100
-	60,443	-	-	233,653
-	-	-	-	148,569
-	-	46,856	-	46,856
-	-	13,000	-	13,000
<u>6,142</u>	<u>60,443</u>	<u>168,710</u>	<u>3,165</u>	<u>1,473,681</u>
<u>178,327</u>	<u>18,127</u>	<u>291,996</u>	<u>304,138</u>	<u>1,141,053</u>
-	-	-	52,580	87,956
-	-	-	-	(208,530)
-	-	-	52,580	(120,574)
<u>178,327</u>	<u>18,127</u>	<u>291,996</u>	<u>356,718</u>	<u>1,020,479</u>
<u>245,830</u>	<u>206,362</u>	<u>89,954</u>	<u>(368,693)</u>	<u>1,614,550</u>
<u>\$ 424,157</u>	<u>\$ 224,489</u>	<u>\$ 381,950</u>	<u>\$ (11,975)</u>	<u>\$ 2,635,029</u>

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**State Gas Tax Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ 725,268	\$ 725,268	\$ 725,268	\$ -
Resources (inflows):				
Intergovernmental	444,423	444,423	491,484	47,061
Use of money and property	1,300	1,300	2,029	729
Other revenues	4,500	4,500	8,051	3,551
Amount available for appropriation	450,223	450,223	501,564	51,341
Charges to appropriations (outflows):				
Current:				
Public works	353,647	353,647	358,309	(4,662)
Capital outlay	12,500	12,500	26,047	(13,547)
Transfers out	83,931	83,931	92,728	(8,797)
Total charges to appropriations	450,078	450,078	477,084	(27,006)
Excess of resources over charges to appropriations	145	145	24,480	24,335
<b>Fund balance, June 30</b>	\$ 725,413	\$ 725,413	\$ 749,748	\$ 24,335

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Parks and Recreation Grants Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	2,000	2,000	8,800	6,800
Amount available for appropriation	2,000	2,000	8,800	6,800
Charges to appropriations (outflows):				
Transfers out	2,000	2,000	8,800	(6,800)
Total charges to appropriations	2,000	2,000	8,800	(6,800)
Excess of resources over charges to appropriations	-	-	-	-
<b>Fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ -

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Proposition A Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ 352,875	\$ 352,875	\$ 352,875	\$ -
Resources (inflows):				
Taxes	273,000	273,000	295,008	22,008
Intergovernmental	6,000	6,000	6,053	53
Use of money and property	400	400	1,073	673
Amount available for appropriation	279,400	279,400	302,134	22,734
Charges to appropriations (outflows):				
Current:				
Parks and recreation	256,289	256,289	218,142	38,147
Total charges to appropriations	256,289	256,289	218,142	38,147
Excess of resources over charges to appropriations	23,111	23,111	83,992	60,881
<b>Fund balance, June 30</b>	\$ 375,986	\$ 375,986	\$ 436,867	\$ 60,881

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Proposition C Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ 121,696	\$ 121,696	\$ 121,696	\$ -
Resources (inflows):				
Taxes	230,000	230,000	245,057	15,057
Use of money and property	100	100	434	334
Amount available for appropriation	230,100	230,100	245,491	15,391
Charges to appropriations (outflows):				
Current:				
Public works	49,290	49,290	54,509	(5,219)
Capital outlay	159,739	159,739	122,522	37,217
Transfers out	21,071	21,071	24,517	(3,446)
Total charges to appropriations	230,100	230,100	201,548	28,552
Excess of resources over charges to appropriations	-	-	43,943	43,943
<b>Fund balance, June 30</b>	\$ 121,696	\$ 121,696	\$ 165,639	\$ 43,943

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Air Quality Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ 99,997	\$ 99,997	\$ 99,997	\$ -
Resources (inflows):				
Intergovernmental	20,000	20,000	20,814	814
Use of money and property	100	100	280	180
Amount available for appropriation	20,100	20,100	21,094	994
Charges to appropriations (outflows):				
Current:				
Public works	9,500	9,500	640	8,860
Capital outlay	40,500	40,500	-	40,500
Transfers out	42,000	42,000	2,000	40,000
Total charges to appropriations	92,000	92,000	2,640	89,360
Excess of resources over (under) charges to appropriations	(71,900)	(71,900)	18,454	90,354
<b>Fund balance, June 30</b>	\$ 28,097	\$ 28,097	\$ 118,451	\$ 90,354

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Bicycle/Pedestrian Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	12,000	12,000	3,500	(8,500)
Amount available for appropriation	12,000	12,000	3,500	(8,500)
Charges to appropriations (outflows):				
Current:				
Public works	-	-	3,500	(3,500)
Total charges to appropriations	-	-	3,500	(3,500)
Excess of resources over (under) charges to appropriations	12,000	12,000	-	(12,000)
<b>Fund balance, June 30</b>	\$ 12,000	\$ 12,000	\$ -	\$ (12,000)

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**California Beverage Recycling Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ 26,329	\$ 26,329	\$ 26,329	\$ -
Resources (inflows):				
Intergovernmental	-	-	5,825	5,825
Use of money and property	100	100	81	(19)
Amount available for appropriation	100	100	5,906	5,806
Charges to appropriations (outflows):				
Current:				
General government	-	-	1,629	(1,629)
Total charges to appropriations	-	-	1,629	(1,629)
Excess of resources over charges to appropriations	100	100	4,277	4,177
<b>Fund balance, June 30</b>	\$ 26,429	\$ 26,429	\$ 30,606	\$ 4,177

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Artesia Lighting District Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Taxes	138,115	138,115	138,124	9
Transfers in	27,485	27,485	35,086	7,601
Amount available for appropriation	165,600	165,600	173,210	7,610
Charges to appropriations (outflows):				
Current:				
Community development	165,600	165,600	173,210	(7,610)
Total charges to appropriations	165,600	165,600	173,210	(7,610)
Excess of resources over charges to appropriations	-	-	-	-
<b>Fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ -

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Community Development Block Grant Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	164,146	164,146	170,333	6,187
Amount available for appropriation	164,146	164,146	170,333	6,187
Charges to appropriations (outflows):				
Current:				
Parks and recreation	101,434	101,434	170,333	(68,899)
Capital outlay	62,712	62,712	-	62,712
Total charges to appropriations	164,146	164,146	170,333	(6,187)
Excess of resources over charges to appropriations	-	-	-	-
<b>Fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ -

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Billboard Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	80,160	80,160	80,160	-
Use of money and property	100	100	35	(65)
Amount available for appropriation	80,260	80,260	80,195	(65)
Charges to appropriations (outflows):				
Transfers out	80,160	80,160	80,195	(35)
Total charges to appropriations	80,160	80,160	80,195	(35)
Excess of resources over (under) charges to appropriations	100	100	-	(100)
<b>Fund balance, June 30</b>	\$ 100	\$ 100	\$ -	\$ (100)

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**MAP 21 Exchange Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ 55,918	\$ 55,918	\$ 55,918	\$ -
Resources (inflows)	-	-	-	-
Charges to appropriations (outflows):				
Capital outlay	55,918	55,918	-	55,918
Total charges to appropriations	55,918	55,918	-	55,918
Excess of resources over (under) charges to appropriations	(55,918)	(55,918)	-	55,918
<b>Fund balance, June 30</b>	\$ -	\$ -	\$ 55,918	\$ 55,918

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**C.O.P.S. Grant Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	100,000	100,000	106,230	6,230
Use of money and property	80	80	159	79
Amount available for appropriation	100,080	100,080	106,389	6,309
Charges to appropriations (outflows):				
Current:				
Public safety	100,000	100,000	106,230	(6,230)
Total charges to appropriations	100,000	100,000	106,230	(6,230)
Excess of resources over charges to appropriations	80	80	159	79
<b>Fund balance, June 30</b>	\$ 80	\$ 80	\$ 159	\$ 79

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Measure R Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ 245,830	\$ 245,830	\$ 245,830	\$ -
Resources (inflows):				
Taxes	160,000	160,000	183,567	23,567
Use of money and property	-	-	902	902
Amount available for appropriation	160,000	160,000	184,469	24,469
Charges to appropriations (outflows):				
Current:				
Public works	21,142	21,142	6,142	15,000
Total charges to appropriations	21,142	21,142	6,142	15,000
Excess of resources over charges to appropriations	138,858	138,858	178,327	39,469
<b>Fund balance, June 30</b>	\$ 384,688	\$ 384,688	\$ 424,157	\$ 39,469

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Housing Authority Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ 206,362	\$ 206,362	\$ 206,362	\$ -
Resources (inflows):				
Use of money and property	71,670	71,670	78,570	6,900
Amount available for appropriation	71,670	71,670	78,570	6,900
Charges to appropriations (outflows):				
Current:				
Community development	70,000	70,000	60,443	9,557
Total charges to appropriations	70,000	70,000	60,443	9,557
Excess of resources over charges to appropriations	1,670	1,670	18,127	16,457
<b>Fund balance, June 30</b>	\$ 208,032	\$ 208,032	\$ 224,489	\$ 16,457

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Paid Parking Special Revenue Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ 89,954	\$ 89,954	\$ 89,954	\$ -
Resources (inflows):				
Charges for services	475,325	475,325	460,150	(15,175)
Use of money and property	-	-	556	556
Amount available for appropriation	475,325	475,325	460,706	(14,619)
Charges to appropriations (outflows):				
Current:				
Public safety	291,010	291,010	108,854	182,156
Debt service:				
Principal retirement	46,856	46,856	46,856	-
Interest and fiscal charges	13,000	13,000	13,000	-
Transfers out	124,459	124,459	-	124,459
Total charges to appropriations	475,325	475,325	168,710	306,615
Excess of resources over charges to appropriations	-	-	291,996	291,996
<b>Fund balance, June 30</b>	\$ 89,954	\$ 89,954	\$ 381,950	\$ 291,996

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Safe Route to School Capital Projects Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance (deficit), July 1</b>	\$ (368,693)	\$ (368,693)	\$ (368,693)	\$ -
Resources (inflows):				
Intergovernmental	21,307	21,307	307,303	285,996
Transfers in	2,131	2,131	52,580	50,449
Amount available for appropriation	23,438	23,438	359,883	336,445
Charges to appropriations (outflows):				
Capital outlay	23,438	23,438	3,165	20,273
Total charges to appropriations	23,438	23,438	3,165	20,273
Excess of resources over (under) charges to appropriations	-	-	356,718	356,718
<b>Fund balance (deficit), June 30</b>	\$ (368,693)	\$ (368,693)	\$ (11,975)	\$ 356,718

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**LACMTA Capital Projects Fund - Major Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance (deficit), July 1</b>	\$ (158,960)	\$ (158,960)	\$ (158,960)	\$ -
Resources (inflows):				
Intergovernmental	172,852	172,852	-	(172,852)
Transfers in	43,213	43,213	46,659	3,446
Amount available for appropriation	216,065	216,065	46,659	(169,406)
Charges to appropriations (outflows):				
Capital outlay	216,065	216,065	132,088	83,977
Total charges to appropriations	216,065	216,065	132,088	83,977
Excess of resources over (under) charges to appropriations	-	-	(85,429)	(85,429)
<b>Fund balance (deficit), June 30</b>	\$ (158,960)	\$ (158,960)	\$ (244,389)	\$ (85,429)

**City of Artesia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Capital Projects - Capital Projects Fund - Major Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	\$ 130,847	\$ 130,847	\$ 130,847	\$ -
Resources (inflows):				
Charges for services	25,000	25,000	28,286	3,286
Use of money and property	125	125	9,225	9,100
Other revenues	3,470	3,470	3,470	-
Amount available for appropriation	28,595	28,595	40,981	12,386
Charges to appropriations (outflows):				
Capital outlay	-	-	314,804	(314,804)
Total charges to appropriations	-	-	314,804	(314,804)
Excess of resources over (under) charges to appropriations	28,595	28,595	(273,823)	(302,418)
<b>Fund balance, June 30</b>	\$ 159,442	\$ 159,442	\$ (142,976)	\$ (302,418)

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# AGENCY FUNDS

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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, 2015**

	Trust and Agency	George Nelson Memorial	Senior Citizens	Total
<b>ASSETS</b>				
Cash and investments	\$ 326,134	\$ 2,425	\$ 7,071	\$ 335,630
Accounts receivable	9,333	-	-	9,333
<b>Total assets</b>	<b>\$ 335,467</b>	<b>\$ 2,425</b>	<b>\$ 7,071</b>	<b>\$ 344,963</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 38,748	\$ -	\$ -	\$ 38,748
Deposits payable	296,719	2,425	7,071	306,215
<b>Total liabilities</b>	<b>\$ 335,467</b>	<b>\$ 2,425</b>	<b>\$ 7,071</b>	<b>\$ 344,963</b>

**City of Artesia**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the fiscal year ended June 30, 2015**

	Balance July 1, 2014	Addition	Deductions	Balance June 30, 2015
<b>Trust and Agency</b>				
<b>Assets:</b>				
Cash and investments	\$ 223,398	\$ 286,825	\$ 184,089	\$ 326,134
Accounts receivable	20,251	9,333	20,251	9,333
<b>Total assets</b>	<b>\$ 243,649</b>	<b>\$ 296,158</b>	<b>\$ 204,340</b>	<b>\$ 335,467</b>
<b>Liabilities:</b>				
Account payable	\$ 11,634	\$ 38,748	\$ 11,634	\$ 38,748
Deposits payable	232,015	257,410	192,706	296,719
<b>Total liabilities</b>	<b>\$ 243,649</b>	<b>\$ 296,158</b>	<b>\$ 204,340</b>	<b>\$ 335,467</b>
<b>George Nelson Memorial</b>				
<b>Assets:</b>				
Cash and investments	\$ 2,425	\$ -	\$ -	\$ 2,425
<b>Liabilities:</b>				
Deposits payable	\$ 2,425	\$ -	\$ -	\$ 2,425
<b>Senior Citizens</b>				
<b>Assets:</b>				
Cash and investments	\$ 5,848	\$ 1,423	\$ 200	\$ 7,071
<b>Liabilities:</b>				
Deposits payable	\$ 5,848	\$ 1,423	\$ 200	\$ 7,071
<b>Totals - All Agency Funds</b>				
<b>Assets:</b>				
Cash and investments	\$ 231,671	\$ 288,248	\$ 184,289	\$ 335,630
Accounts receivable	20,251	9,333	20,251	9,333
<b>Total assets</b>	<b>\$ 251,922</b>	<b>\$ 297,581</b>	<b>\$ 204,540</b>	<b>\$ 344,963</b>
<b>Liabilities:</b>				
Account payable	\$ 11,634	\$ 38,748	\$ 11,634	\$ 38,748
Deposits payable	240,288	258,833	192,906	306,215
<b>Total liabilities</b>	<b>\$ 251,922</b>	<b>\$ 297,581</b>	<b>\$ 204,540</b>	<b>\$ 344,963</b>

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**STATISTICAL SECTION  
(UNAUDITED)**

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# DESCRIPTION OF STATISTICAL SECTION CONTENTS

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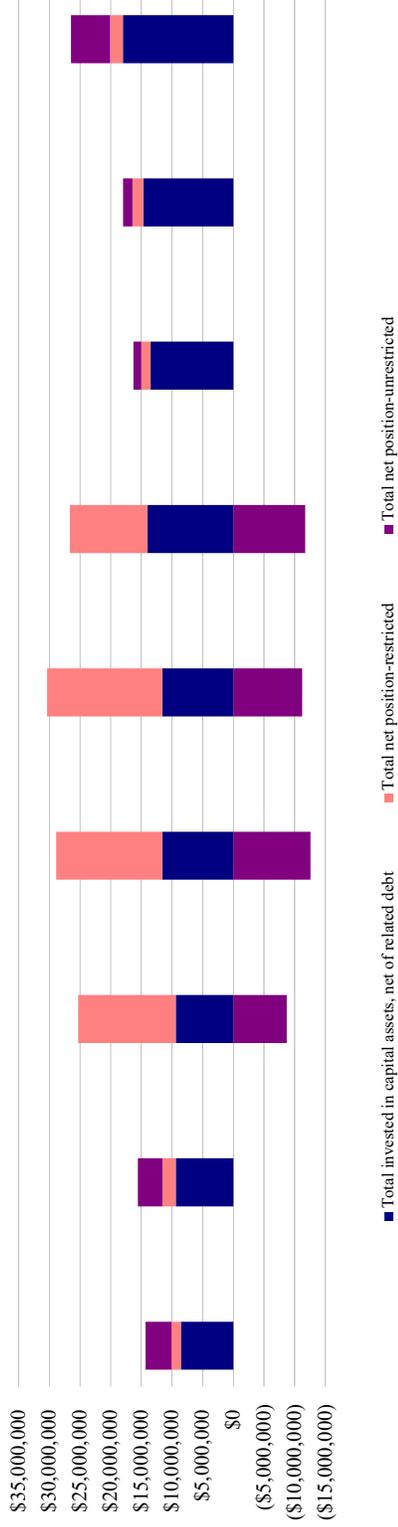
June 30, 2015

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	126
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	133
<u>Debt Capacity</u> these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	138
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	142
<u>Operating Information</u> these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	144

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 8,555,609	\$ 9,392,900	\$ 9,405,627	\$ 11,602,115	\$ 11,602,115	\$ 14,003,705	\$ 13,497,818	\$ 14,667,103	\$ 18,001,637	\$ 21,212,739
Restricted	1,530,057	2,190,195	15,893,661	17,299,374	14,442,020	12,665,250	1,527,135	1,786,459	2,122,890	6,151,937
Unrestricted	4,228,502	3,990,348	(8,703,573)	(12,585,463)	(11,221,344)	(11,720,634)	1,287,475	1,522,408	6,351,742	625,980
Total governmental activities net position	\$ 14,314,168	\$ 15,573,443	\$ 16,595,715	\$ 16,316,026	\$ 14,822,791	\$ 14,948,321	\$ 16,312,428	\$ 17,975,970	\$ 26,476,269	\$ 27,990,656
<b>Business-type activities</b>										
Unrestricted	-	-	-	-	-	-	-	-	-	34,207
Total business-type activities net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,207
<b>Total net assets</b>										
Invested in capital assets, net of related debt	\$ 8,555,609	\$ 9,392,900	\$ 9,405,627	\$ 11,602,115	\$ 11,602,115	\$ 14,003,705	\$ 13,497,818	\$ 14,667,103	\$ 18,001,637	\$ 21,212,739
Restricted	1,530,057	2,190,195	15,893,661	17,299,374	18,772,698	12,665,250	1,527,135	1,786,459	2,122,890	6,151,937
Unrestricted	4,228,502	3,990,348	(8,703,573)	(12,585,463)	(11,221,344)	(11,720,634)	1,287,475	1,522,408	6,351,742	660,187
Total net assets	\$ 14,314,168	\$ 15,573,443	\$ 16,595,715	\$ 16,316,026	\$ 19,153,469	\$ 14,948,321	\$ 16,312,428	\$ 17,975,970	\$ 26,476,269	\$ 28,024,863



CITY OF ARTESIA, CALIFORNIA  
Changes in Net Position  
Last Ten Fiscal Years  
(acrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,726,949	\$ 5,342,122	\$ 4,724,668	\$ 5,797,704	\$ 4,050,337	\$ 3,537,799	\$ 3,459,101	\$ 3,447,935	\$ 3,321,825	\$ 1,657,600
Public safety	3,344,569	2,809,851	3,146,086	2,850,309	2,879,604	3,014,888	2,818,829	3,022,296	3,037,611	3,211,801
Parks and recreation	570,512	666,634	796,500	805,921	909,739	602,972	683,811	766,838	1,068,250	1,486,853
Public works	1,913,880	1,470,257	1,538,625	1,409,739	1,751,221	1,612,767	1,733,632	1,628,867	1,437,666	2,260,827
Community development	-	-	-	-	1,426,233	1,046,512	604,593	328,021	377,481	526,250
Interest on long-term debt	-	-	374,052	669,289	963,554	975,191	563,629	4,587	16,870	13,000
Total governmental activities expenses	9,555,910	10,288,864	10,579,931	11,532,962	11,980,688	10,790,129	9,863,595	9,198,544	9,259,703	9,156,331
Business-type activities:										
Residential refuse	-	-	-	-	-	-	-	-	-	905,433
Total business-type activities expenses	-	-	-	-	-	-	-	-	-	905,433
Total expenses	\$ 9,555,910	\$ 10,288,864	\$ 10,579,931	\$ 11,532,962	\$ 11,980,688	\$ 10,790,129	\$ 9,863,595	\$ 9,198,544	\$ 9,259,703	\$ 10,061,764
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 837,134	\$ 1,029,639	\$ 880,156	\$ 451,247	\$ 407,894	\$ 345,978	\$ 415,865	\$ 349,938	\$ 494,057	\$ 60,149
Public safety	299,957	253,250	277,347	171,507	217,377	291,133	325,013	320,635	321,167	531,064
Parks and recreation	52,766	53,757	55,403	52,844	56,766	49,634	58,255	50,469	73,298	63,909
Public works	925,337	1,307,381	1,553,750	911,696	885,178	904,537	950,261	1,001,213	1,206,565	450,261
Community development	-	-	-	-	-	-	-	-	-	47,670
Operating grants and contributions	1,859,123	1,840,998	1,221,938	1,803,156	1,842,893	1,915,490	2,127,930	2,875,308	2,675,795	2,077,854
Capital grants and contributions	1,405,803	558,312	150,000	82,319	100,045	-	-	-	6,622,466	183,881
Total governmental activities program revenues	5,380,120	5,043,337	4,138,594	3,472,769	3,510,153	3,506,772	3,877,324	4,597,563	11,393,348	3,414,788
Business-type activities:										
Charges for services - Residential Refuse	-	-	-	-	-	-	-	-	-	939,640
Total business-type activities program revenues	-	-	-	-	-	-	-	-	-	939,640
Total program revenues	\$ 5,380,120	\$ 5,043,337	\$ 4,138,594	\$ 3,472,769	\$ 3,510,153	\$ 3,506,772	\$ 3,877,324	\$ 4,597,563	\$ 11,393,348	\$ 4,354,428
<b>Net (expense) revenue</b>										
Total net expense	\$ (4,175,790)	\$ (5,245,527)	\$ (6,441,337)	\$ (8,060,193)	\$ (8,470,535)	\$ (7,283,357)	\$ (5,986,271)	\$ (4,600,981)	\$ 2,133,645	\$ (5,707,336)
<b>General revenues</b>										
Taxes:										
Property taxes, levied for general purpose	\$ 2,073,764	\$ 2,470,134	\$ 3,331,870	\$ 3,472,131	\$ 2,961,284	\$ 3,033,627	\$ 2,345,984	\$ 1,601,017	\$ 1,645,258	\$ 1,698,157
Transient occupancy taxes	151,551	170,879	242,750	220,564	254,427	366,238	426,305	450,334	443,121	535,124
Sales taxes	2,733,703	2,487,945	2,638,215	2,160,945	2,113,871	2,437,291	2,557,794	2,729,538	2,938,867	3,096,626
Franchise taxes	275,860	305,178	310,621	343,716	349,210	373,187	369,695	369,843	390,601	407,926
Business license taxes	473,435	419,459	425,672	352,770	334,561	350,242	313,075	423,944	446,017	479,678
Other taxes	82,011	62,358	22,330	163,177	149,787	164,138	123,587	129,450	93,087	163,526
Motor vehicle in lieu, intergovernmental	121,351	132,470	76,534	113,801	133,338	167,967	-	-	-	-
Motor vehicle licence fee collection in excess	-	-	-	-	-	-	8,711	9,026	7,470	7,216
Use of money and property	172,662	268,061	385,527	857,948	560,596	445,762	481,177	336,232	335,972	436,094
Other	56,306	137,983	30,090	95,452	120,226	70,435	62,216	215,319	123,984	70,907
Total governmental activities	6,140,643	6,453,567	7,463,609	7,780,504	6,977,300	7,408,887	6,688,544	6,264,523	6,424,377	6,895,254

(Continued)

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

(Continued)

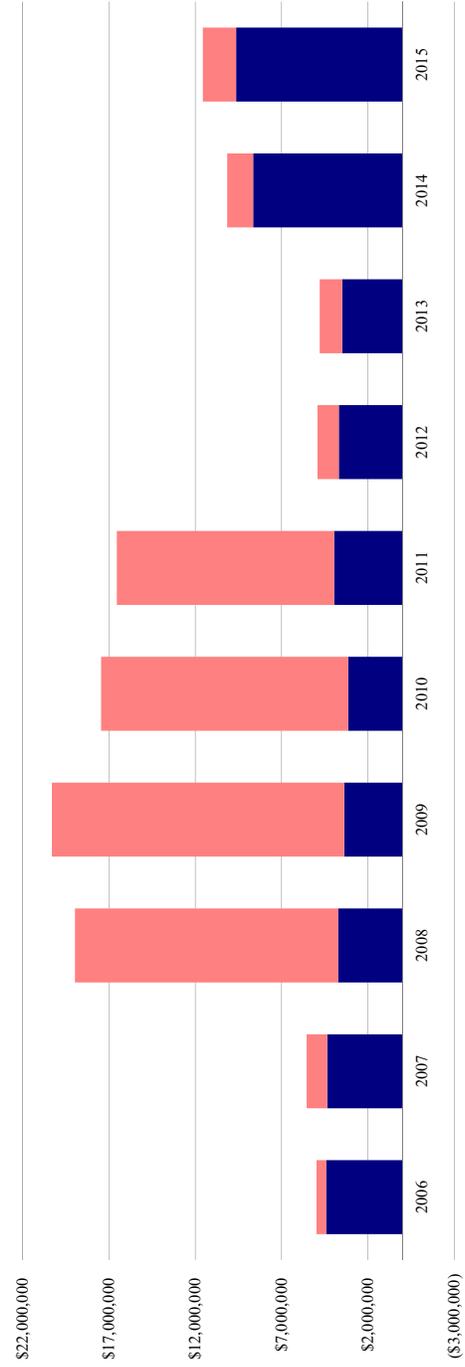
	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Change in net position</b>										
Governmental activities	\$ 1,964,853	\$ 1,208,040	\$ 1,022,272	\$ (279,689)	\$ (1,493,235)	\$ 125,530	\$ 702,273	\$ 1,663,542	\$ 8,558,022	\$ 1,153,711
Business-type activities	-	-	-	-	-	-	-	-	-	-
Total changes in net position	\$ 1,964,853	\$ 1,208,040	\$ 1,022,272	\$ (279,689)	\$ (1,493,235)	\$ 125,530	\$ 702,273	\$ 1,663,542	\$ 8,558,022	\$ 1,187,918



■ Change in net position-governmental activities

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General fund</b>										
Reserved	\$ 738,556	\$ 749,804	\$ 47,811	\$ 5,631	\$ 221,722					
Unreserved	-	-	-	3,367,203	2,930,021					
Undesignated	3,685,422	3,608,174	3,679,105							
Nonspendable						\$ 222,888	\$ 259,370	\$ 300,557	\$ 46,486	\$ 59,725
Restricted										3,504,933
Committed						731,555	731,555	1,387,664	1,715,726	2,328,476
Assigned									326,375	301,000
Unassigned						3,007,803	2,691,563	1,798,957	6,557,352	3,434,199
<b>Total general fund</b>	<b>\$ 4,423,978</b>	<b>\$ 4,357,978</b>	<b>\$ 3,726,916</b>	<b>\$ 3,372,834</b>	<b>\$ 3,151,743</b>	<b>\$ 3,962,246</b>	<b>\$ 3,682,488</b>	<b>\$ 3,487,178</b>	<b>\$ 8,645,939</b>	<b>\$ 9,628,333</b>
<b>All other governmental funds</b>										
Reserved	\$ -	\$ 3,447	\$ 78,520	\$ 71,603	\$ 68,133					
Designated	-	-	14,019,296	16,072,413	13,176,510					
Unreserved, reported in:										
Special revenue funds	763,892	810,259	1,520,599	777,509	938,097					
Capital projects funds	214,275	223,423	65,290	(4,618)	106,697					
Debt service funds	610,223	940,404								
Undesignated	(1,037,237)	(792,855)	(455,280)							
Restricted						\$ 12,613,969	\$ 1,493,205	\$ 1,611,623	\$ 1,983,243	\$ 2,647,004
Assigned						48,979	74,390	102,124	130,847	-
Unassigned						(98,326)	(332,228)	(408,860)	(614,489)	(715,887)
<b>Total all other governmental funds</b>	<b>\$ 551,153</b>	<b>\$ 1,184,678</b>	<b>\$ 15,228,425</b>	<b>\$ 16,916,907</b>	<b>\$ 14,289,437</b>	<b>\$ 12,564,622</b>	<b>\$ 1,235,367</b>	<b>\$ 1,304,887</b>	<b>\$ 1,499,601</b>	<b>\$ 1,931,117</b>



■ Fund balances-general fund ■ Fund balances-all other governmental funds

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 5,392,043	\$ 5,818,696	\$ 7,014,670	\$ 6,827,104	\$ 5,937,266	\$ 6,886,990	\$ 6,145,150	\$ 5,712,971	\$ 5,998,069	\$ 6,388,250
Licenses and permits	860,682	1,063,969	626,353	399,256	367,579	281,502	295,771	251,690	372,566	424,061
Intergovernmental	3,307,137	3,058,549	2,181,537	2,518,874	2,062,832	1,984,659	1,798,309	2,771,513	2,506,762	2,080,875
Charges for services	818,751	845,470	869,605	916,007	1,447,286	997,527	1,081,477	1,107,860	1,332,860	610,409
Use of money and property	369,739	466,770	584,263	859,332	559,599	442,290	481,176	326,205	330,117	436,087
Fines and forfeitures	304,783	254,585	278,282	171,507	217,377	291,133	324,477	318,726	321,167	70,913
Developer fees	36,535	31,080	20,935	25,300	22,894	36,475	47,668	42,539	153,495	47,667
Other	28,662	63,413	15,657	94,068	51,770	68,609	62,218	220,730	44,838	70,920
Reimbursement from successor agency	-	-	-	-	-	-	-	-	4,589,021	183,881
Total revenues	11,118,332	11,602,532	11,591,302	11,811,448	10,666,603	10,989,185	10,236,246	10,752,234	15,648,895	10,313,063
<b>Expenditures</b>										
General government	3,858,367	5,212,203	4,682,052	5,735,056	3,164,370	3,086,581	3,166,438	4,081,505	2,925,100	1,460,175
Public safety	3,337,825	2,786,590	3,006,707	2,840,676	2,779,739	2,807,775	2,841,115	2,989,477	3,003,382	3,171,039
Parks and recreation	570,264	601,916	708,763	722,428	722,803	530,390	527,010	610,943	921,798	1,354,629
Public works	1,743,681	1,229,606	1,316,719	531,454	1,185,020	1,008,256	945,914	1,234,983	1,001,938	1,373,756
Community development	-	-	-	-	1,424,415	1,044,694	603,533	328,021	377,481	526,250
Capital outlay	1,409,798	1,204,692	484,645	3,202,192	3,081,869	2,214,601	3,430,731	1,618,131	2,005,358	953,448
Debt service:										
Principal	-	-	-	115,000	160,000	270,000	-	10,377	43,493	46,856
Interest and fiscal charges	-	-	312,224	698,140	939,206	952,700	473,993	4,587	16,870	13,000
Cost of issuance	-	-	302,243	102,102	57,742	-	-	-	-	-
Total expenditures	10,919,935	11,035,007	10,813,353	13,947,048	13,515,164	11,914,997	11,988,734	10,878,024	10,295,420	8,899,153
Excess of revenues over (under) expenditures	198,397	567,525	777,949	(2,135,600)	(2,848,561)	(925,812)	(1,752,488)	(125,790)	5,353,475	1,413,910

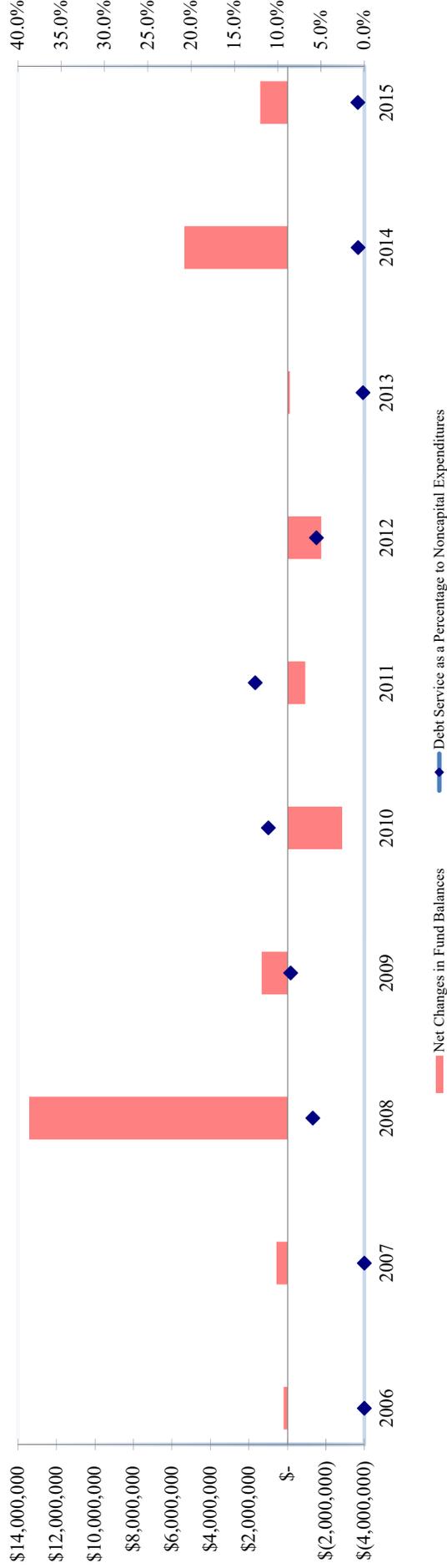
(Continued)

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

(Continued)

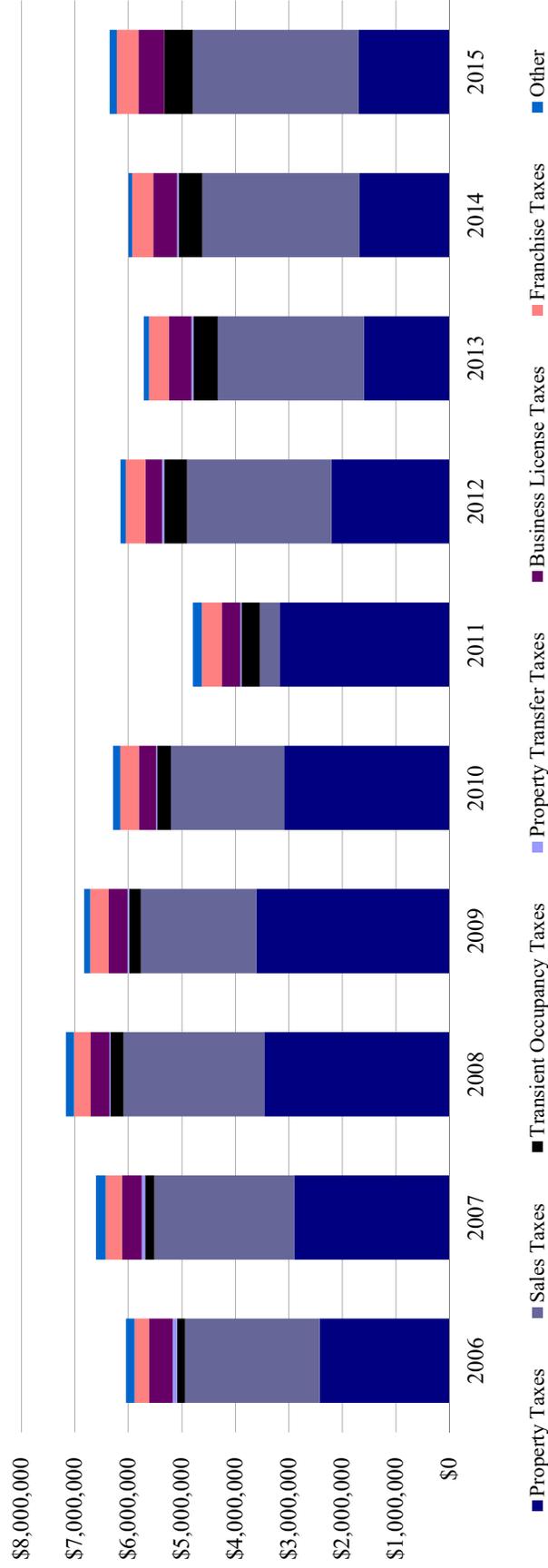
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Other financing sources (uses)</b>										
Transfers in	\$ 967,383	\$ 603,715	\$ 7,744,965	\$ 3,253,354	\$ 493,638	\$ 245,413	\$ 319,011	\$ 133,295	\$ 375,643	\$ 299,599
Transfers out	(967,383)	(603,715)	(7,744,965)	(3,253,354)	(493,638)	(245,413)	(319,011)	(133,295)	(375,643)	(299,599)
Bond discount	-	-	(285,264)	-	-	-	-	-	-	-
Long-term debt issued	-	-	12,920,000	3,470,000	-	-	-	-	-	-
Total other financing sources (uses)	-	-	12,634,736	3,470,000	-	-	-	-	-	-
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	-	-	-	(9,896,525)	-	-	-
Net changes in fund balances	\$ 198,397	\$ 567,525	\$ 13,412,685	\$ 1,334,400	\$ (2,848,561)	\$ (925,812)	\$ (1,752,488)	\$ (125,790)	\$ 5,353,475	\$ 1,413,910

Debt service as a percentage of noncapital expenditures



CITY OF ARTESIA, CALIFORNIA  
 General Governmental Tax Revenues by Source  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

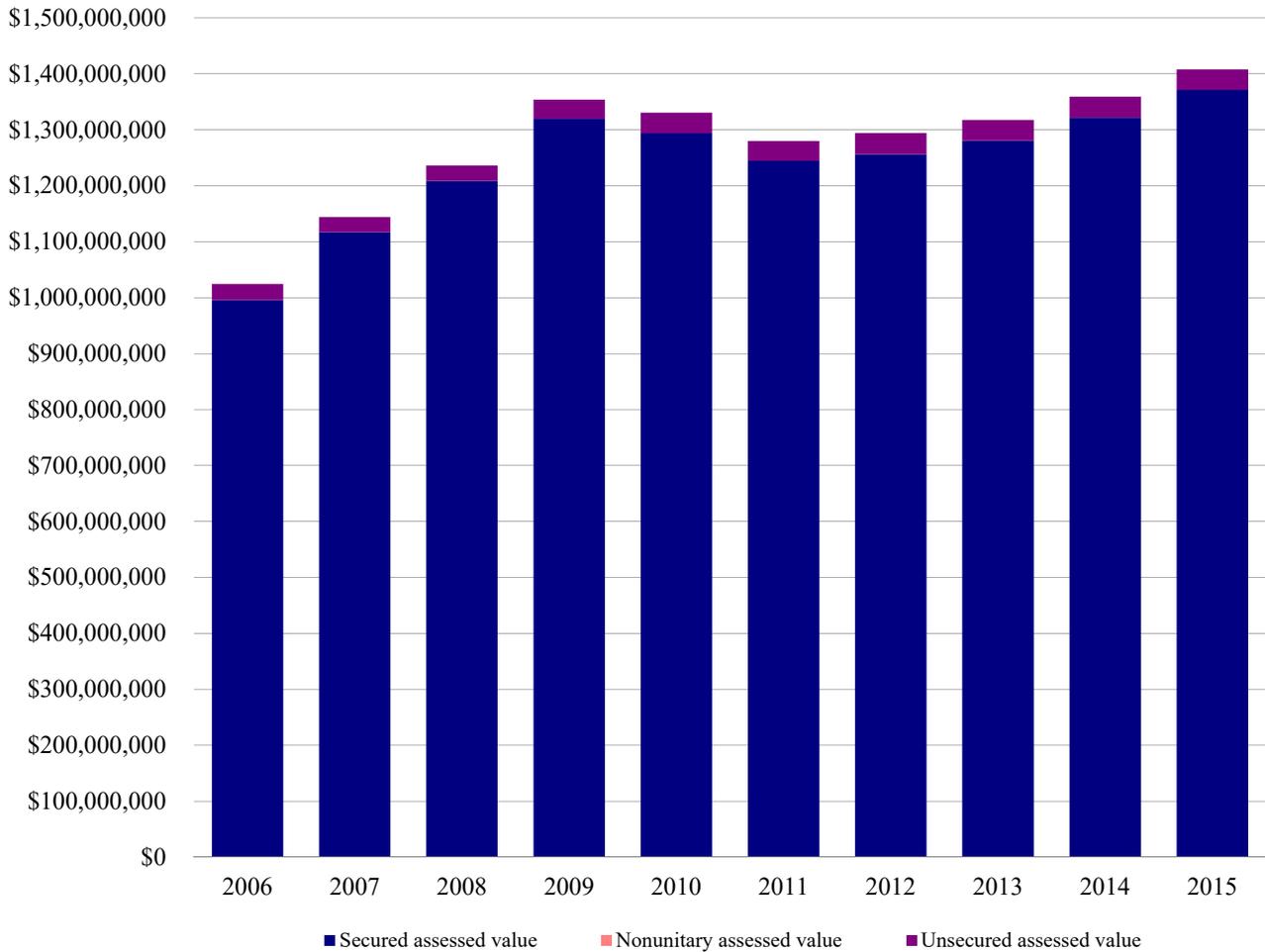
Fiscal Year	Property Taxes <sup>(1)</sup>		Sales Taxes		Transient		Property		Business		Franchise		Other		Total
	Property Taxes	Other	Sales Taxes	Other	Occupancy Taxes	Transfer Taxes	License Taxes	Other	License Taxes	Other	Taxes	Other	Taxes		
2006	2,423,676		2,515,872		151,551	82,011	436,819		275,860		157,967			6,043,756	
2007	2,900,972		2,614,386		170,879	62,358	370,781		305,178		181,147			6,605,701	
2008	3,459,843		2,629,835		242,750	22,330	349,291		310,621		152,915			7,167,585	
2009	3,603,729		2,160,945		220,564	31,579	352,770		343,716		113,801			6,827,104	
2010	3,089,608		2,113,871		254,427	21,462	324,561		349,210		133,338			6,286,477	
2011	3,173,925		2,437,291		366,238	23,840	344,542		373,187		167,967			6,886,990	
2012	2,208,761		2,695,017		426,305	37,623	313,075		369,695		94,673			6,145,149	
2013	1,601,017		2,729,358		450,334	39,475	423,944		369,843		99,000			5,712,971	
2014	1,678,906		2,938,867		443,121	29,529	446,017		390,601		71,028			5,998,069	
2015	1,698,157		3,096,626		535,124	32,642	479,678		407,926		130,884			6,381,037	



<sup>(1)</sup> Includes both City property tax and Redevelopment Agency tax allocations up to 2012. Property tax in-lieu motor vehicle licenses are not included in amounts prior to fiscal year 2006.

CITY OF ARTESIA, CALIFORNIA  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Assessed Value <sup>(1)</sup>				Total Effective Rate (2)
	Secured	Nonunitary	Unsecured	Total	
2006	995,737,863	-	28,525,494	1,024,263,357	1.4537%
2007	1,116,901,891	-	26,908,067	1,143,809,958	1.6362%
2008	1,208,552,137	-	27,790,420	1,236,342,557	1.7258%
2009	1,320,054,029	-	33,828,552	1,353,882,581	1.9580%
2010	1,294,067,856	-	36,508,090	1,330,575,946	2.0278%
2011	1,244,580,805	-	35,273,379	1,279,854,184	1.9399%
2012	1,256,361,912	-	37,947,482	1,294,309,394	1.9304%
2013	1,280,561,503	-	37,136,241	1,317,697,744	1.9066%
2014	1,321,986,275	-	37,252,902	1,359,239,177	0.6563%
2015	1,371,438,382	-	36,461,776	1,407,900,158	0.6566%



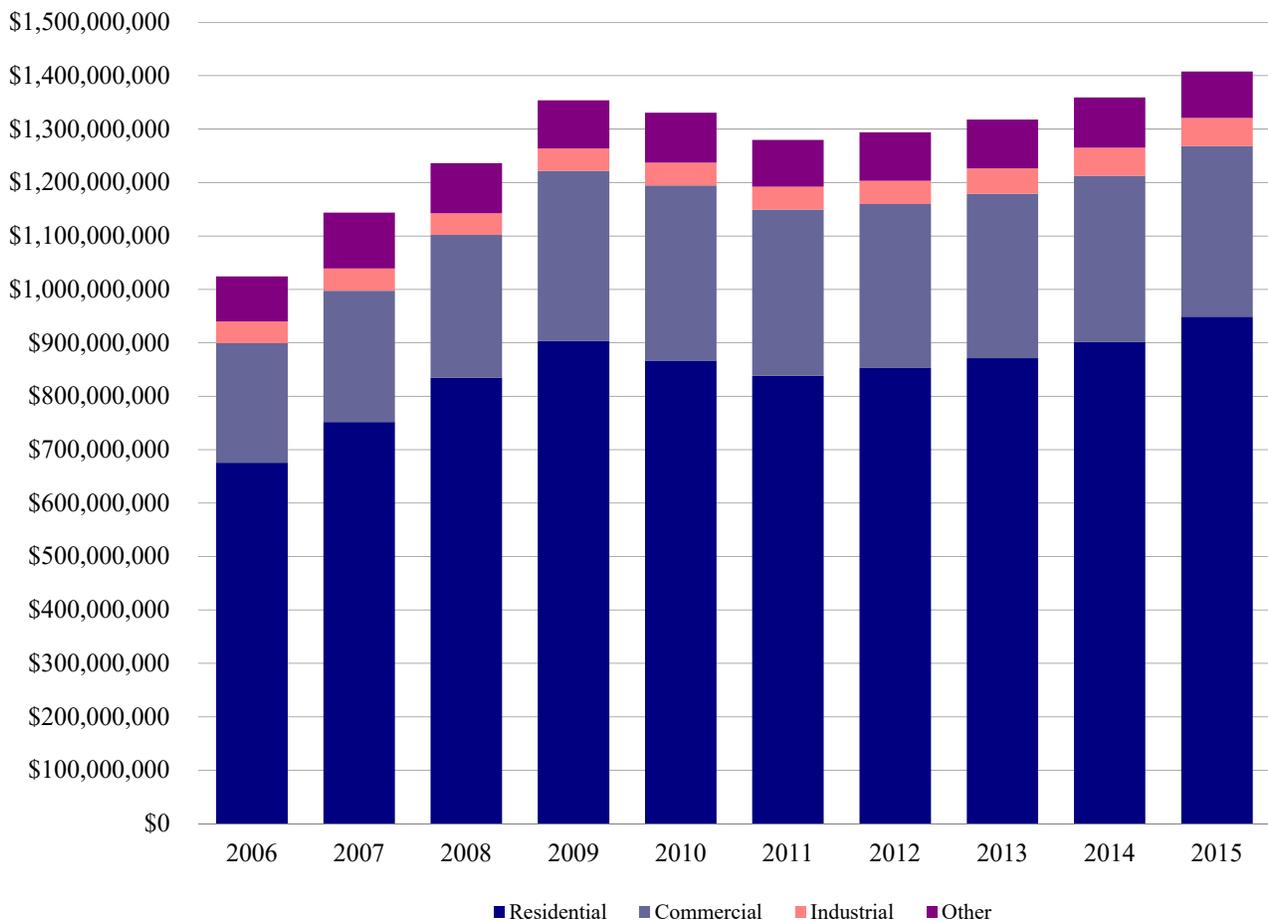
<sup>(1)</sup> Net of exemptions

<sup>(2)</sup> Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base.

Source: Los Angeles County/Hdl Companies

CITY OF ARTESIA, CALIFORNIA  
Assessed Value of Taxable Property by Use  
Last Ten Fiscal Years

Fiscal Year	Assessed Value <sup>(1)</sup>				Total	Total Effective Rate (2)
	Residential	Commercial	Industrial	Other		
2006	675,621,919	223,708,379	40,749,434	84,183,625	1,024,263,357	1.4537%
2007	752,083,043	245,427,264	41,607,757	104,691,894	1,143,809,958	1.6362%
2008	834,867,651	267,241,541	40,648,765	93,584,600	1,236,342,557	1.7258%
2009	903,680,355	318,428,291	41,755,557	90,018,378	1,353,882,581	1.9580%
2010	866,800,963	327,916,543	42,651,449	93,206,991	1,330,575,946	2.0278%
2011	838,084,514	311,273,554	42,991,503	87,504,613	1,279,854,184	1.9399%
2012	852,696,347	307,159,183	43,530,228	90,923,636	1,294,309,394	1.9304%
2013	871,147,363	308,021,383	47,592,443	90,936,555	1,317,697,744	1.9066%
2014	901,286,264	311,754,506	52,408,817	93,789,590	1,359,239,177	0.6563%
2015	948,906,951	319,382,443	52,441,154	87,169,610	1,407,900,158	0.6566%



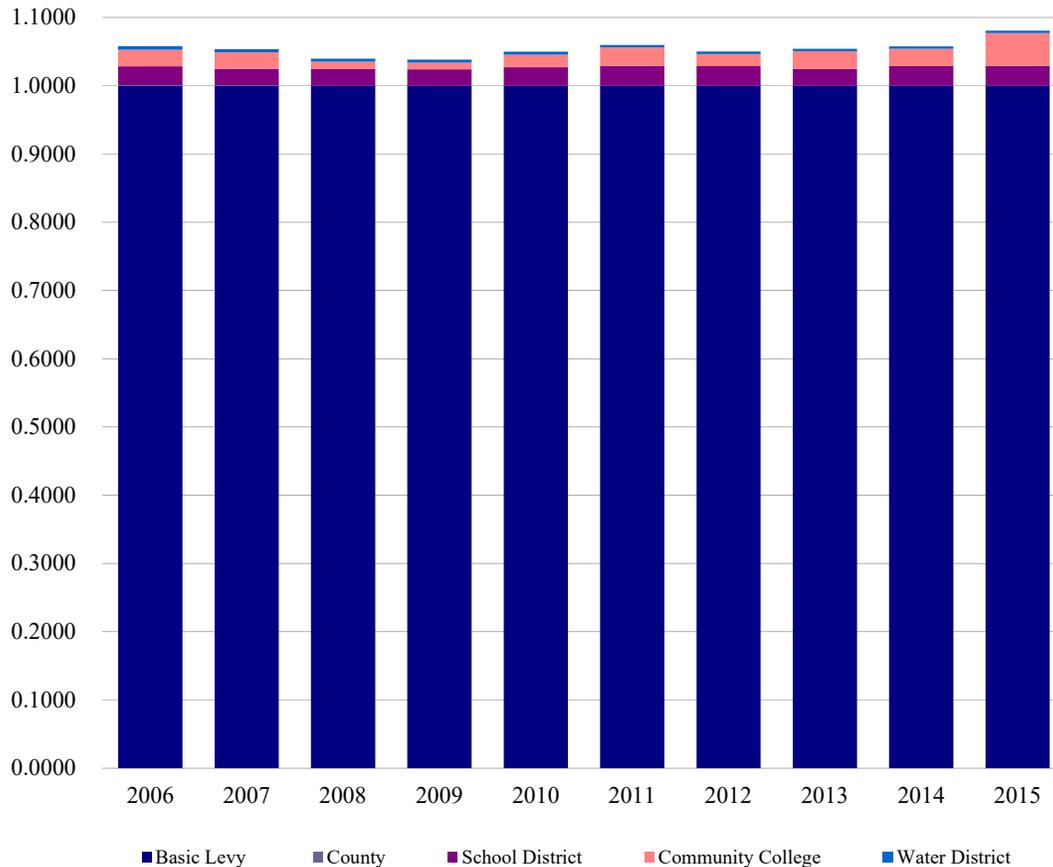
<sup>(1)</sup> Net of exemptions

<sup>(2)</sup> Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base.

Source: Los Angeles County/Hdl Companies

CITY OF ARTESIA, CALIFORNIA  
Property Tax Rates <sup>(1)</sup>  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Year	Basic Levy <sup>(2)</sup>	County			School District <sup>(3)</sup>	Community		Total Effective Rate <sup>(5)</sup>
		Detention Facilities	Flood Control	Total		College District <sup>(4)</sup>	Water District	
2006	1.0000	0.0008	0.0001	0.0009	0.0275	0.0242	0.0052	1.0577
2007	1.0000	0.0007	0.0001	0.0007	0.0243	0.0239	0.0047	1.0536
2008	1.0000	0.0000	0.0000	0.0000	0.0243	0.0107	0.0045	1.0396
2009	1.0000	0.0000	0.0000	0.0000	0.0239	0.0099	0.0043	1.0381
2010	1.0000	0.0000	0.0000	0.0000	0.0270	0.0185	0.0043	1.0498
2011	1.0000	0.0000	0.0000	0.0000	0.0292	0.0268	0.0037	1.0597
2012	1.0000	0.0000	0.0000	0.0000	0.0286	0.0178	0.0037	1.0501
2013	1.0000	0.0000	0.0000	0.0000	0.0245	0.0259	0.0035	1.0540
2014	1.0000	0.0000	0.0000	0.0000	0.0289	0.0250	0.0035	1.0575
2015	1.0000	0.0000	0.0000	0.0000	0.0292	0.0481	0.0035	1.0808



<sup>(1)</sup> Per \$100 of assessed value

<sup>(2)</sup> Basic levy for City (\$0.067), County (\$0.329), LA Consolidated Fire District (\$0.183), ABC Unified School District (\$0.19), Educational Rev Aug. Fund(\$0.203) and other agencies (\$0.028).

<sup>(3)</sup> ABC Unified School District .

<sup>(4)</sup> Cerritos Community College District .

<sup>(5)</sup> Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base. Source: Los Angeles County/Hdl Companies .

CITY OF ARTESIA, CALIFORNIA  
Principal Property Owners  
June 30, 2015

Taxpayer	Primary Use	2015			2006		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value <sup>(1)</sup>	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value <sup>(1)</sup>
Eaves Artesia LP	Residential	\$ 30,404,560	1	2.16%	-	-	-
Artesia Partners LLC	Commercial	28,810,994	2	2.05%	-	-	-
YSM Investment No 3 LLC	Commercial	21,850,000	3	1.55%	30,000,000	1	0.03
California Milk Producers	Industrial	16,390,279	4	1.16%	13,101,899	2	0.01
BSREP Socal 91 Freeway LLC	Commercial	14,200,000	5	1.01%	-	-	-
11900 East Artesia Boulevard LLC	Institutional	13,360,381	6	0.95%	-	-	-
Haw Lay I LLC	Commercial	12,002,820	7	0.85%	10,555,735	4	0.01
Roy and Shahnaz Egari Trust	Commercial	10,484,646	8	0.74%	-	-	-
Eastland Estate LLC	Commercial	9,824,400	9	0.70%	-	-	-
Mei H Chu Trust	Commercial	9,046,700	10	0.64%	7,956,000	7	0.01
Agstirr 91 Freeway LLC	Commercial	-	-	-	12,732,000	3	0.01
Rukmani Koka	Residential	-	-	-	9,047,125	5	0.01
Khanna Enterprises Limited	Commercial	-	-	-	8,199,891	6	0.01
Manifield Partnership No 2	Industrial	-	-	-	7,616,725	8	0.01
John P Sullivan Co Trust Et Al	Residential	-	-	-	7,187,558	9	0.01
Artesia Towne Center Associates	Commercial	-	-	-	6,448,947	10	0.01
<b>Total</b>		<b>\$ 166,374,780</b>		<b>11.82%</b>	<b>\$ 112,845,880</b>		<b>11.03%</b>

**Principal Property Owners**

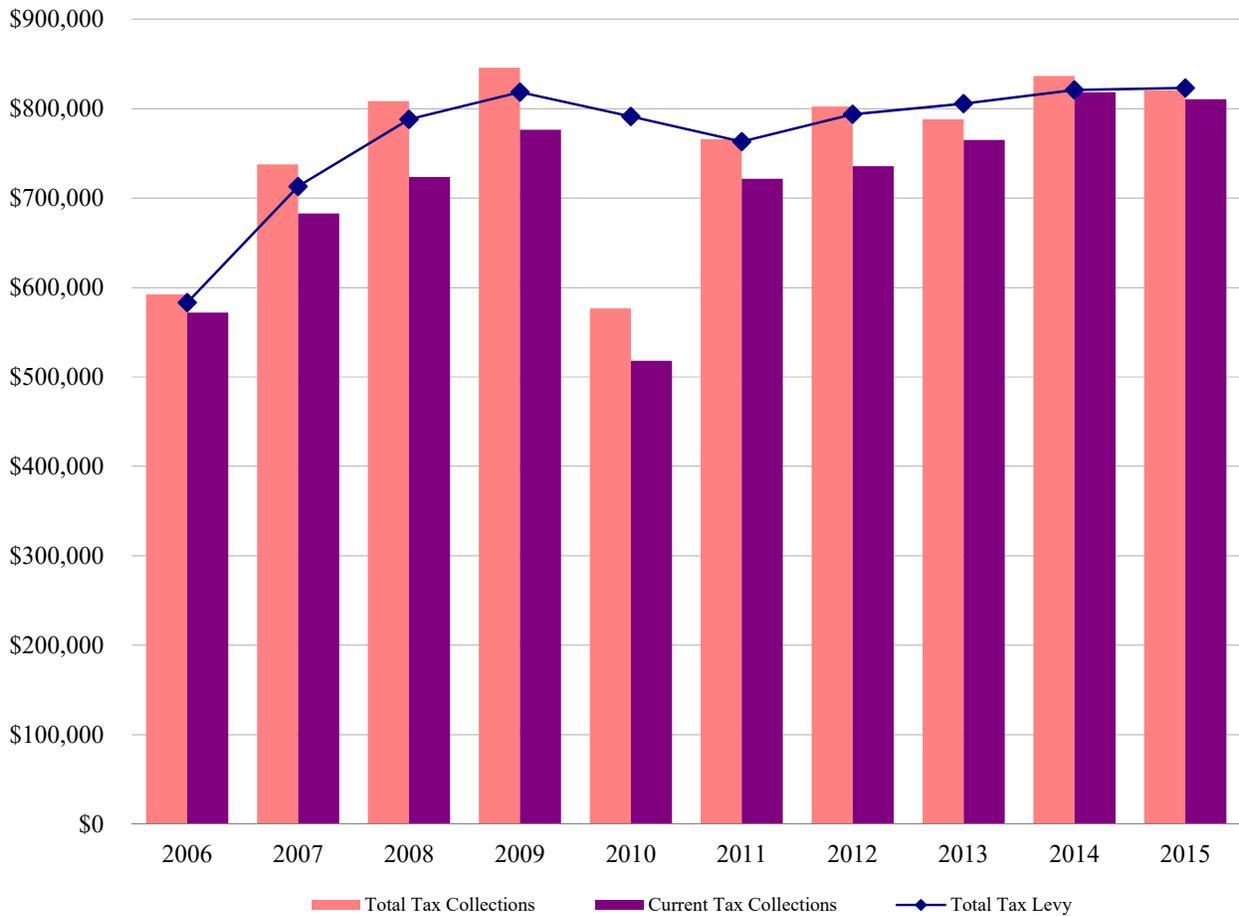


<sup>(1)</sup> Total assessed valuation of taxable property exclusive of exemptions.

Source: Los Angeles County/Hdl Companies

CITY OF ARTESIA, CALIFORNIA  
Property Tax Levies and Collections<sup>(1)</sup>  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy <sup>(2)</sup>	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
2006	583,012	572,036	98.1%	20,321	592,357	101.6%
2007	712,942	682,868	95.8%	54,685	737,553	103.5%
2008	787,946	723,447	91.8%	84,961	808,408	102.6%
2009	818,319	776,231	94.9%	69,465	845,696	103.3%
2010	791,076	518,077	65.5%	58,575	576,652	72.9%
2011	763,000	721,487	94.6%	44,079	765,566	100.3%
2012	793,593	735,511	92.7%	66,810	802,321	101.1%
2013	805,497	765,011	95.0%	23,001	788,012	97.8%
2014	820,801	818,338	99.7%	18,076	836,414	101.9%
2015	822,968	810,542	98.5%	9,866	820,408	99.7%



<sup>(1)</sup> Includes only City general property taxes of the General Fund

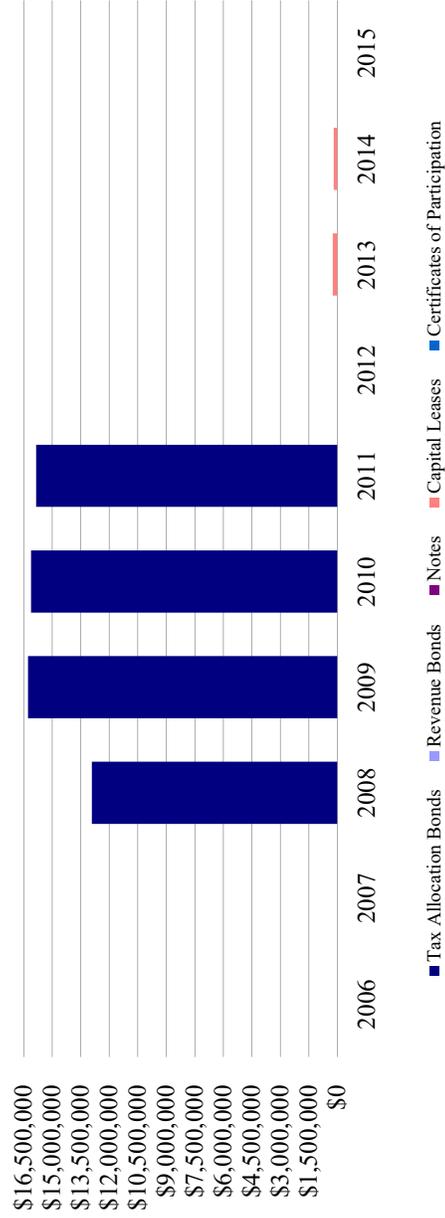
<sup>(2)</sup> Includes secured and unsecured property tax levies exclusive of homeowner exemption

Source: Los Angeles County.

CITY OF ARTESIA, CALIFORNIA  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total	Percentage of Personal Income <sup>(1)</sup>	Percentage of Debt Per Capita <sup>(1)</sup>
	Tax Allocation Bonds <sup>(2)</sup>	Notes	Capital Leases				
2006	-	-	-	-	-	0.00%	0.00%
2007	-	-	-	-	-	0.00%	0.00%
2008	12,920,000	-	-	-	12,920,000	2.60%	0.13%
2009	16,275,000	-	-	-	16,275,000	2.08%	0.11%
2010	16,115,000	-	-	-	16,115,000	2.06%	0.11%
2011	15,845,000	-	-	-	15,845,000	1.97%	0.11%
2012	-	-	-	-	-	0.00%	0.00%
2013	-	-	238,733	-	238,733	147.62%	6.99%
2014	-	-	195,240	-	195,240	188.19%	8.59%
2015	-	-	148,385	-	148,385	244.67%	11.31%

**Outstanding Debt by Type-Last Ten Fiscal Years**



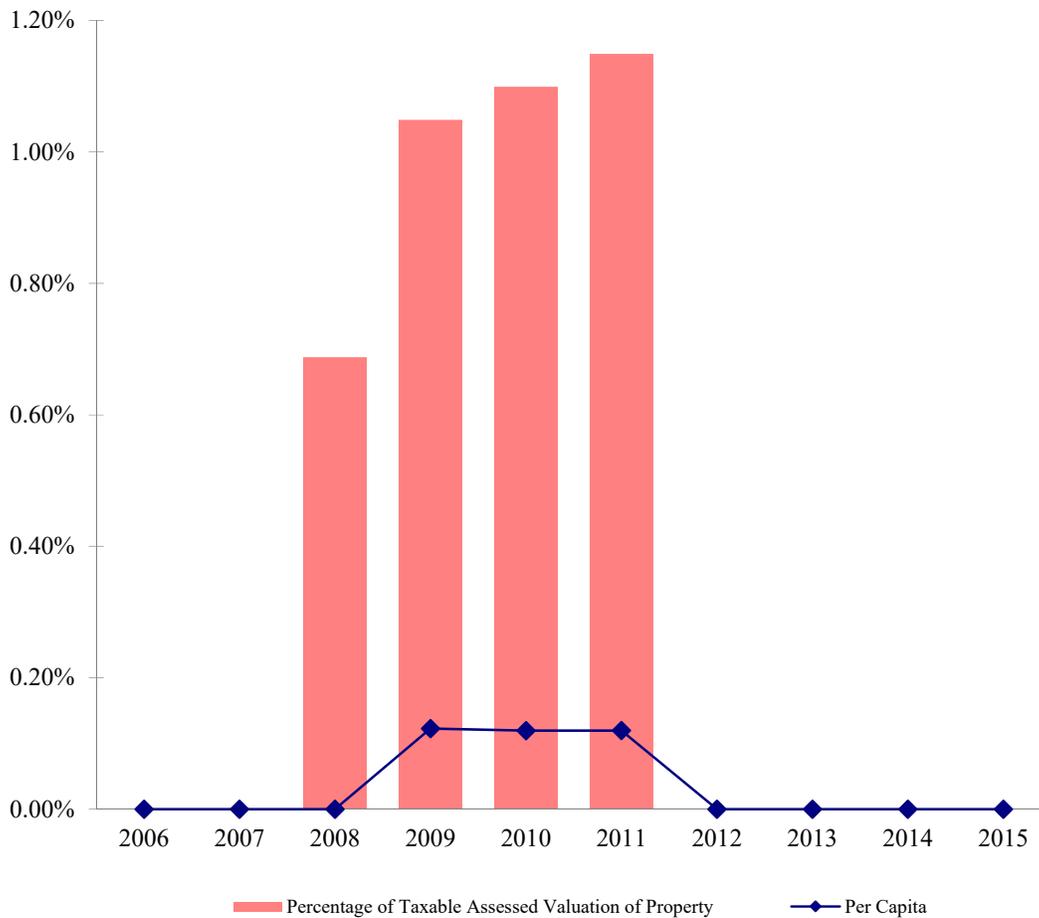
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> See Demographic Statistics on page 142.

<sup>(2)</sup> Due to the dissolution of the Artesia Redevelopment Agency, the debt related to tax allocation bonds is no longer reported.

CITY OF ARTESIA, CALIFORNIA  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	Tax Allocation Bonds <sup>(3)</sup>	Less Amounts Available in Debt Service Fund	Total	Percentage of Taxable Assessed Valuation <sup>(1)</sup> of Property	Per Capita <sup>(2)</sup>
2006			-	0.00%	0.00%
2007			-	0.00%	0.00%
2008	12,920,000	4,417,847	8,502,153	0.69%	0.00%
2009	16,275,000	2,073,247	14,201,753	1.05%	0.12%
2010	16,115,000	1,488,224	14,626,776	1.10%	0.12%
2011	15,845,000	1,134,221	14,710,779	1.15%	0.12%
2012	-	-	-	0.00%	0.00%
2013	-	-	-	0.00%	0.00%
2014	-	-	-	0.00%	0.00%
2015	-	-	-	0.00%	0.00%



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

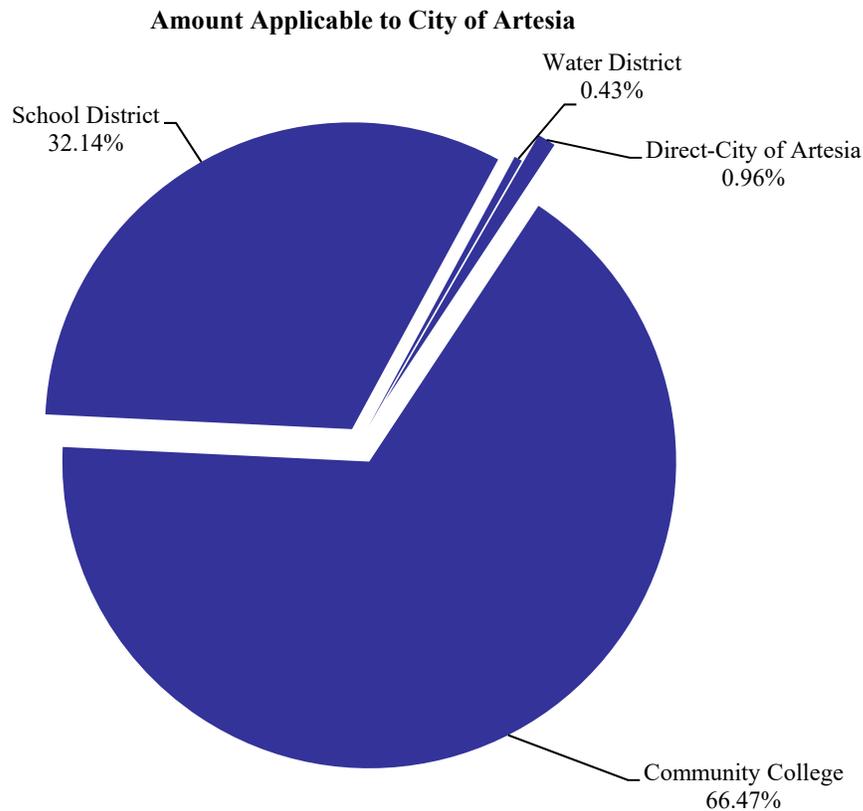
<sup>(1)</sup> See Assessed Value of Taxable Property-Last Ten Fiscal Years on page 133 .

<sup>(2)</sup> See Demographic Statistics on page 142.

<sup>(3)</sup> Due to the dissolution of the Artesia Redevelopment Agency, Tax Allocation Bonded Debt is no longer reported on this schedule.

CITY OF ARTESIA, CALIFORNIA  
 Direct and Overlapping Governmental Activities Bonded Debt  
 As of June 30, 2015

Jurisdiction	Net General Activities Bonded and Capital Lease Debt Outstanding	Percentage Applicable to City of Artesia <sup>(2)</sup>	Amount Applicable to City of Artesia
Direct-City of Artesia <sup>(1)</sup>	\$ 148,385.00	100.000%	\$ 148,385.00
Overlapping:			
Water District:			
Metropolitan Water District	53,296,395	0.125%	66,620
College:			
Cerritos CC DS 2004 Series A	50,000	3.592%	1,796
Cerritos CC DS 2005 Refunding Bonds	488,591	3.592%	17,550
Cerritos CC DS 2004 Series 2009C	5,115,000	3.592%	183,731
Cerritos CC DS 2004 Series 2012D	82,591,432	3.592%	2,966,684
Cerritos CC DS 2012 Series 2014A	198,370,000	3.592%	7,125,450
School District:			
ABC Unified 2003 Refund Bond Series A	29,626,700	10.897%	3,228,421
ABC Unified 2010 Refund Bonds	16,055,000	10.897%	1,749,513
Subtotal overlapping debt			<u>15,339,767</u>
Total direct and overlapping debt			<u>\$ 15,488,152</u>



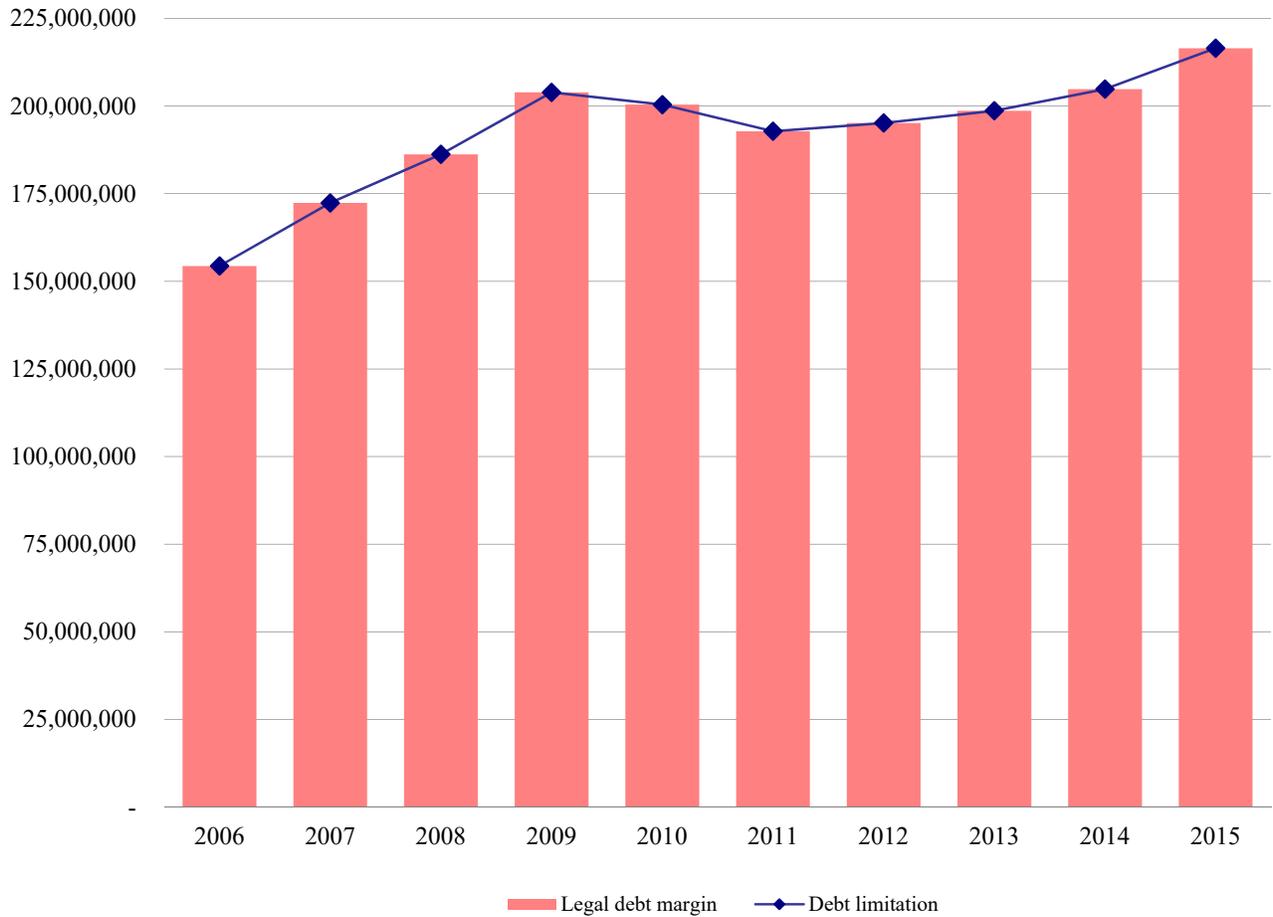
<sup>(1)</sup> Includes governmental activities debt reported in the Ratios of Outstanding Debt by Type on page 138.

<sup>(2)</sup> The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: Los Angeles County/Hdl Companies

CITY OF ARTESIA, CALIFORNIA  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

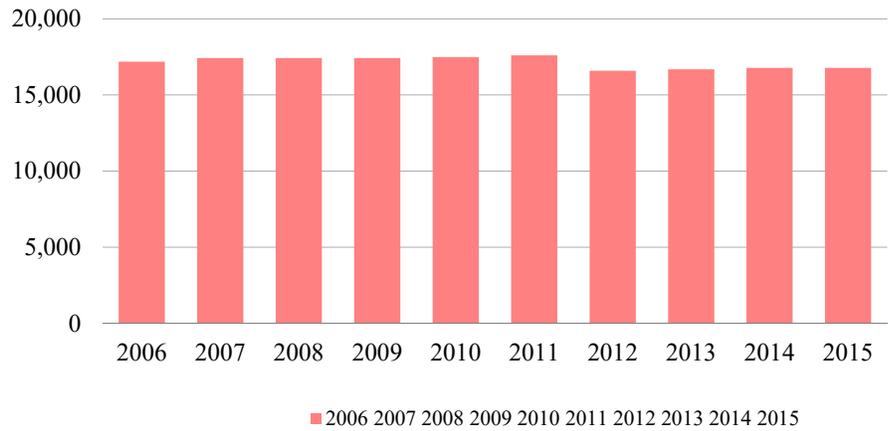
Fiscal Year	Assessed Valuations			Legal Debt Margin		
	Assessed Value	Add Exemptions	Total Assessed Value	Debt Limitation-15% of Total Assessed Value	Total Debt Applicable to Limitation	Legal Debt Margin
2006	1,024,263,357	4,798,454	1,029,061,811	154,359,272	-	154,359,272
2007	1,143,809,958	5,204,422	1,149,014,380	172,352,157	-	172,352,157
2008	1,236,342,557	5,228,401	1,241,570,958	186,235,644	-	186,235,644
2009	1,353,882,581	5,442,341	1,359,324,922	203,898,738	-	203,898,738
2010	1,330,575,946	5,442,341	1,336,018,287	200,402,743	-	200,402,743
2011	1,279,854,184	5,561,161	1,285,415,345	192,812,302	-	192,812,302
2012	1,294,309,394	6,742,068	1,301,051,462	195,157,719	-	195,157,719
2013	1,317,697,744	6,649,145	1,324,346,889	198,652,033	-	198,652,033
2014	1,359,239,177	6,276,033	1,365,515,210	204,827,282	-	204,827,282
2015	1,407,900,158	35,374,179	1,443,274,337	216,491,151	-	216,491,151



CITY OF ARTESIA, CALIFORNIA  
Demographic and Economic Statistics

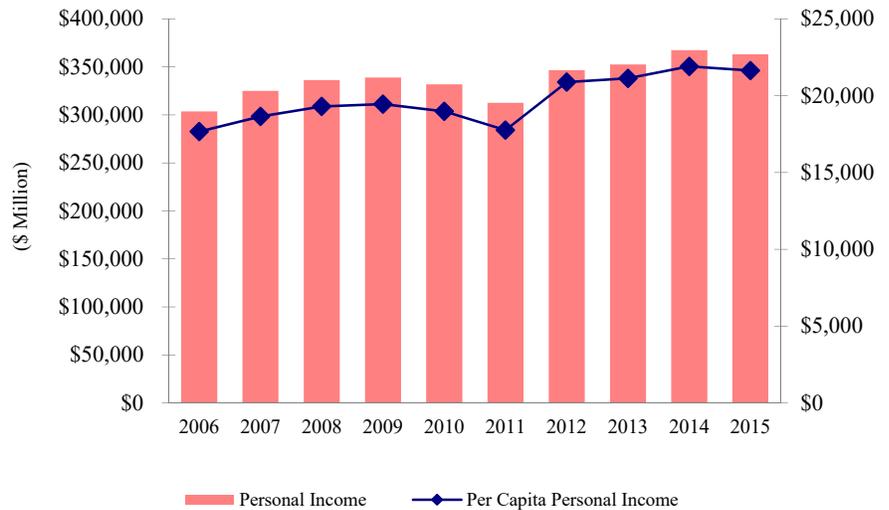
Last Ten Fiscal Years

Year	Population <sup>(1)</sup>
2006	17,192
2007	17,432
2008	17,424
2009	17,428
2010	17,488
2011	17,608
2012	16,594
2013	16,681
2014	16,776
2015	16,781



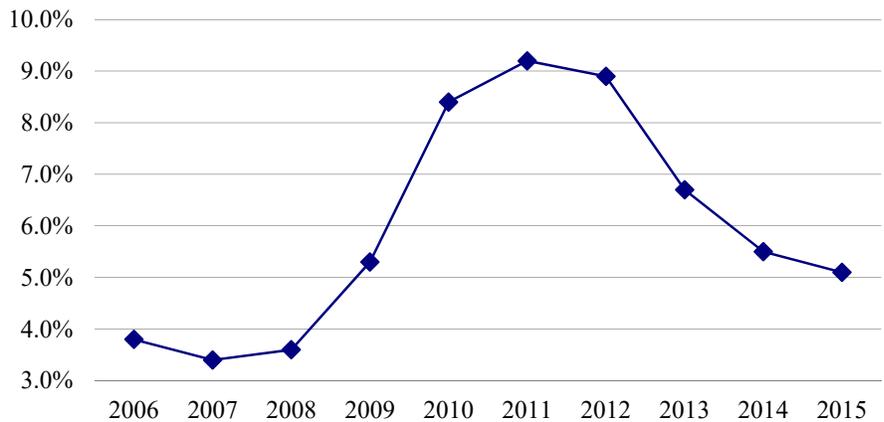
Last Ten Fiscal Years

Year	Personal Income <sup>(2)</sup> (\$ Thousand)	Per Capita Personal Income <sup>(2)</sup>
2006	303,609	17,660
2007	324,982	18,643
2008	336,216	19,296
2009	338,925	19,447
2010	331,816	18,974
2011	312,577	17,752
2012	346,516	20,882
2013	352,419	21,127
2014	367,428	21,902
2015	363,057	21,635



Last Ten Fiscal Years

Year	Unemployment Rate <sup>(2)</sup>
2006	3.8%
2007	3.4%
2008	3.6%
2009	5.3%
2010	8.4%
2011	9.2%
2012	8.9%
2013	6.7%
2014	5.5%
2015	5.1%



<sup>(1)</sup> State Department of Finance.

<sup>(2)</sup> HdL, Coren & Cone.

CITY OF ARTESIA, CALIFORNIA

Principal Employers <sup>(1)</sup>

As of June 30, 2015

Employer	2015			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Artesia Christian Homes, Inc	139	1	5.46%	126	1	5.95%
Tawa Supermarket, Inc	93	2	3.66%	93	3	4.39%
California Dairies, Inc	90	3	3.54%	90	4	4.25%
Stater Bros. Market	81	4	3.18%	95	2	4.49%
Prime Grill Corporation	62	5	2.44%			
Automobile Club of So. California	52	6	2.04%	41	9	1.94%
Dejon Enterprises	52	7	2.04%	65	5	3.07%
Don Jose Restaurant	50	8	1.97%	50	6	2.36%
Aspen Healthcare Corp.	48	9	1.89%	48	7	2.27%
Hygieia Home Health Corp.	43	10	1.69%	43	8	2.03%
Denny's Restaurant				40	10	1.89%
	<u>710</u>		<u>27.91%</u>	<u>691</u>		<u>32.63%</u>
Total number of employees	<u>2,544</u>			<u>2,118</u>		
Number of businesses	1,054			1,041		

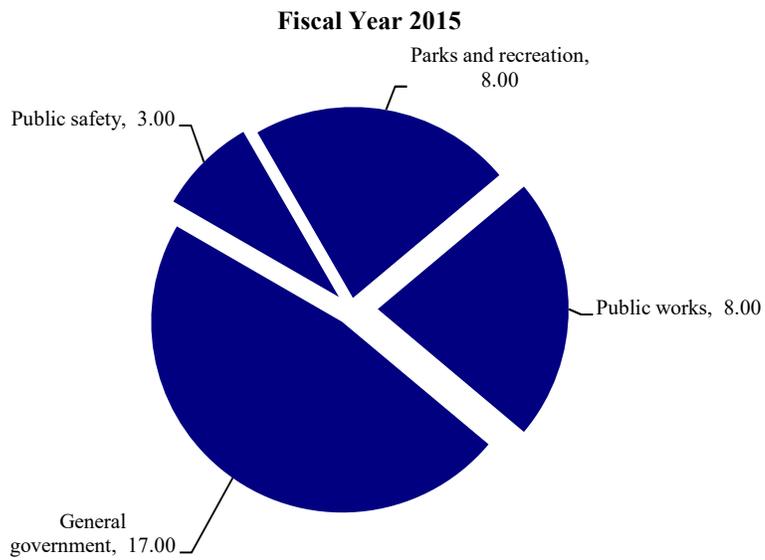
(1) No principal employer information available prior to 2014.

Source: City Business License Department

CITY OF ARTESIA, CALIFORNIA  
 Full-time Equivalent City Government Employees by Function <sup>(1)</sup>  
 Last Two Fiscal Years

	2014	2015
	Total	Total
General government	18.00	17.00
Public safety	3.00	3.00
Parks and recreation	8.00	8.00
Public works	8.00	8.00
Total full-time equivalent positions	37.00	36.00

<sup>(1)</sup> No full-time equivalent positions information available prior to 2014.



Source: Finance Department

CITY OF ARTESIA, CALIFORNIA  
 Operating Indicators by Function <sup>(1)</sup>  
 Last Two Fiscal Years

	<u>2014<sup>(2)</sup></u>	<u>2015</u>
<b>General Government</b>		
City Council		
Regular Election	1	-
New or Amended Ordinances	16	5
Business Licenses issued	1,041	1,054
Passports		
Accepted	723	655
Photos	240	201
Finance		
Payroll Checks Issued	1,109	1,005
Accounts Payable Checks Issued	2,037	2,038
Purchase Orders Issued	138	149
Community Development		
Building Permits Issued	589	551
Planning Reviews	48	91
<b>Park and Recreation</b>		
Facility Use Permits	27	32
Field Use Permits	112	131
Number of Youth Programs	152	154
Number of Adult Programs	100	108
Number of Senior Programs	45	67
Number of Family Excursions	4	5
Number of Senior Excursions	16	16
Number of Teen Excursions	4	15
Special Events	18	22
Hours of Service to Public	3,529	4,059
<b>Public Works</b>		
Tons collected		
Illegal Dumping Pick-Up	68	66
Number of Graffiti Removal Locations	413	488
Vines Trimmed (in lineal feet)	7,540	7,540
<b>Public Safety-Code Enforcement</b>		
Number of Parking Violations	6,450	6,518
Number of Parking Stations Maintained	28	28
Number of Code Enforcement Cases	156	342
Number of Notices of Violation	120	278

<sup>(1)</sup> Information provided by various departments

<sup>(2)</sup> Information prior to this year is not available

CITY OF ARTESIA, CALIFORNIA  
 Capital Asset Statistics by Function<sup>(1)</sup>  
 Last Two Fiscal Years

	<u>2014<sup>(2)</sup></u>	<u>2015</u>
<b>General government</b>		
Number of Buildings - City Hall	1	1
Number of Historical Museums	2	2
Historical Water Tower	1	1
General Government Vehicles	2	2
<b>Park and Recreation</b>		
Number of Buildings - Community Centers	5	5
Number of Buildings - Library	1	1
Acres of Park Space	16.98	16.98
Park Trees	202	202
Parks	3	3
Recreation Transit Vehicles	2	2
Playground Areas	5	5
Baseball Fields	7	7
Basketball Courts	3	3
Roller Hockey Rinks	1	1
Handball Court	1	1
Tennis Courts	1	1
<b>Public works</b>		
Number of Buildings - Public Works	1	1
Street Trees	1,662	1,652
Miles of Streets and Service Roads	30.09	30.09
Number of Traffic Signals	23	25
Number of Street Lights	85	136
Public Works Vehicles	11	11
<b>Public safety</b>		
Number of Parking Pay Stations	29	28
Public Safety Vehicles	4	4

<sup>(1)</sup> Information provided by various departments

<sup>(2)</sup> Information prior to this year is not available