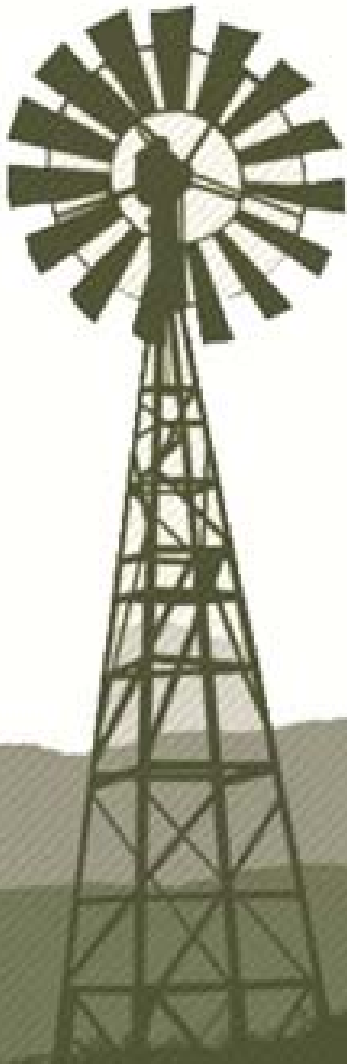


# CITY OF WALNUT

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT FOR THE  
FISCAL YEAR ENDED

JUNE 30, 2017



WALNUT, CALIFORNIA

**CITY OF WALNUT, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2017**

**CITY OF WALNUT, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**CITY OF WALNUT, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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**CITY OF WALNUT, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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21201 La Puente Road  
Walnut, CA 91789-2018  
Telephone (909) 595-7543  
FAX (909) 595-6095  
www.cityofwalnut.org



Mayor, Mary Su  
Mayor Pro Tem, Nancy Tragarz  
Council Member, Eric Ching  
Council Member, Robert Pacheco  
Council Member, Andrew Rodriguez

# CITY OF WALNUT

December 27, 2017

Honorable Mayor, Members of the City Council and  
Citizens of the City of Walnut  
California 91788-0692

It is a pleasure to submit the Comprehensive Annual Financial Report of the City of Walnut for the fiscal year ended June 30, 2017. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Walnut. Subsequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Internal accounting controls are implemented by the City to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and the City's financial records used for preparing financial statements are maintained in a reliable fashion and in conformance with the generally accepted accounting principle (GAAP). Because of the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The City's internal controls accomplishes these objectives. In our opinion, the data presented are accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

Vavrinek, Trine, Day & Co. LLP, firm of certified public accountants conducted the independent audit for this fiscal year. The audit was designed to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. In addition, the audit was designed to comply with the requirements of the Federal Single Audit Act of 1996 and 2 CFR part 200. The auditor's report on the basic financial statements and the combining and individual fund statements and schedules are included in the financial section of the report.

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

## **THE PROFILE OF THE CITY OF WALNUT**

The City was founded in 1940 and incorporated on January 19, 1959, with a population of 1,000. The vote was 241 to 24 for approval. The size of the City at the time of incorporation was 7.5 miles. The City was named after the largest ranch, El Rancho de los Nogales (Nogales meaning "walnuts" in Spanish). The City is situated in the

greater Walnut Valley, nestled in an area between San Jose Hills to the north and the Puente Hills to the south, 20 miles east of downtown Los Angeles. This picturesque valley, coupled with its colorful history, provides contemporary living. Walnut has a unique atmosphere, a pleasant mixture of country living with urban convenience. It currently occupies 8.83 square miles and serves a population of 30,152.

The City is a general law city operated under the Council-Manager form of government since 1959. Policy making and legislative authority are vested to the five-member City Council, all of whom are elected by community at large. The Council serves a four-year term with a rotating election schedule every year.

City of Walnut is a family-friendly community with a diverse population. The City was again ranked #49 on the Money Magazine's list of the "Best Places to Live" in 2015. Walnut has been on this list three previous times, once in 2009, 2011 and again in 2013. Families flock to City due to high-performing schools with Academic Performance Index (API) scores above 800's and 900's. Under the stewardship of Walnut Valley Unified School District, several elementary schools and high school received national recognition from the State of California and United States Department of Education. The U.S. Census Bureau, 2007-2011 American Community Survey found that 32.7% of residents 25 years and over have bachelor's degree and 16.8% have graduate degrees.

Residents enjoy a nice balance of commitment to family values, excellent schools, and access to active lifestyle, as well as, variety of shopping and dining options. There is a strong sense of community as residents gather at various City-sponsored events such as Concert in the Parks, July 4<sup>th</sup> Celebration, National Night Out, Snow Days, and last but not the least, the popular Walnut Family Festival. The City is home to 11 parks with area of 95 acres, 30.5 miles of equestrian/hiking trails, and 368 acres of open space. The residents value the rural atmosphere which is preserved by a well-defined general plan.

The City made contractual arrangement for major services such as engineering, building and safety services, transit services, trash collection, street maintenance, landscape and lighting maintenance, and public safety services. The Public safety services are provided by the Los Angeles County Sheriff's Department and Los Angeles County Fire Department.

The annual budget serves as the foundation for the City's financial planning and control. The budget is adopted on annual basis by the City Council in May of each year. The various departments submit revenue estimates and expenditure appropriation request for the one-year period (begin July 1). Departmental hearings are held with each department, which leads to the development of the proposed budget. The City Manager then presents the proposed budget to City Council, which is discussed with the City Council in public workshops in May and formally presented to the City Council for adoption on or before June 30 of each year. The level of budgetary control is established at the department or project level within each fund.

## **THE REPORTING ENTITY AND ITS SERVICES**

The City of Walnut is a reporting entity, which consists of the primary government and component units. The City is the primary government. The component units are the Walnut Financing Authority and the Walnut Housing Authority.

The Walnut Public Financing Authority was established on November 9, 1988 by a joint powers agreement between the City and the Walnut Improvement Agency. Under bond law the Authority has the power to issue bonds and loan the proceeds to any local agency. The Walnut Successor Agency was established on February 1, 2012, after the dissolution of the Walnut Improvement Agency per Assembly Bill 1X 26, to wind down the recognized obligations of the dissolved Walnut Improvement Agency and is operating under the private-purpose trust. The assets and obligations of the Successor Agency are reported separately within the City of Walnut's financial statements. Additional information on this private-purpose trust fund can be found in the Notes to the financial statements (see Note 10).

The Walnut Housing Authority was established on October 9, 1996 pursuant to the State of California Health and Safety Code, Section 34200. Its purpose is to provide for new and/or improvement of existing, low and moderate housing for residents of the community.

The City is also financially accountable for both the Walnut Public Financing Authority and the Walnut Housing Authority, as a blended component of the City and therefore, has been included as an integral part of the City of Walnut's financial statement. Additional information on these legally separate component units can be found in the Notes to the financial statements (see Note 1a).

## **REVELANT FINANCIAL POLICIES**

The City of Walnut fiscal policy provides funding to maintain the safety of the Walnut citizens at a level to insure that Walnut maintains one of the lowest crime rates in Los Angeles county, promote a mix of businesses, which contributes to a balanced community, develop program to enhance and retain existing businesses, and pursue new developments and businesses which add to the City's economic base, and utilized grants and subsidies from other agencies whenever possible. The fiscal policy, which was last updated and adopted on April 13, 2011, purpose is to reserve and maintain a minimum of 50% of the general fund budget for maintenance and operations ("rainy day fund"), maintain a \$1 million self-insured deposit fund reserve, and a \$1 million disaster recovery fund reserve for future emergencies and after the audit is completed each year, any surplus will be equally distributed between the facility maintenance fund and the capital improvement fund.

With the City of Walnut implementation of the GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City Council adopted the fund balance policy on June 8, 2011. Per the policy, there is fund balance committed to disaster recovery. In addition, the City assigned fund balance to community services recreation facility construction, other post-employment benefits, self insurance, and for maintenance and operations of City services.

## **LONG-TERM FINANCIAL PLANNING**

The accompanying financial statements reflect an excellent financial condition. At the close of the fiscal year, the general fund has a fund balance of \$16.9 million. Of that balance, the unrestricted fund balance (the total of the committed, assigned, and unassigned components of the fund balance) was \$16.3 million, which is approximately 127% of the total general fund expenditures. The total net change in the general fund balance is \$21,516.

The City maintains a five-year Capital Improvement Program to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. The fiscal year 2018-2022 Capital Improvement Program anticipates \$7.4 million in capital projects.

## **FUTURE ECONOMIC OUTLOOK**

The effect of diminishing population growth as the City approaches buildout along with the reduced building related fees that have supplied a portion of the City revenue and the unstable economy will all have an impact on the future City finances. This, together with the added need for maintenance and infrastructure as the City matures, and an ever increasing public demand for services by Walnut's residential community, will require that continued prudent fiscal management not only remain desirable but absolutely necessary.

## **AWARDS**

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 Walnut for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the twenty-eight (28<sup>th</sup>) consecutive years that the



government has achieved these prestigious awards. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

**ACKNOWLEDGEMENT**

The financial results of the City would not have been possible without the dedicated efforts of the finance division staff, as well as the audit firm of Vavrinek, Trine, Day & Co., LLP. Appreciation is also expressed to all members of the departments for their assistance in providing the data necessary to prepare this report. We also wish to recognize the commitment of the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Walnut's finances.

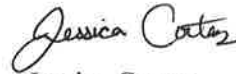
Respectfully submitted,



Robert M. Wishner  
City Manager



Karen Ogawa  
Administrative Services Director



Jessica Cortez  
Finance Officer



Government Finance Officers Association

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

Presented to

**City of Walnut  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

**CITY OF WALNUT  
OFFICIALS  
June 30, 2017**

**CITY COUNCIL**

Mary Su, Mayor  
Nancy Tragarz, Mayor Pro Tem  
Eric Ching, Council Member  
Bob Pacheco, Council Member  
Andrew Rodrigues, Council Member

**WALNUT SUCCESSOR AGENCY**

Mary Su, Mayor  
Nancy Tragarz, Mayor Pro Tem  
Eric Ching, Council Member  
Bob Pacheco, Council Member  
Andrew Rodrigues, Council Member

**CITY OFFICIALS**

Robert M. Wishner, City Manager  
Teresa De Dios, City Clerk  
Karen Ogawa, City Treasurer

**WALNUT SUCCESSOR AGENCY OFFICIALS**

Robert M. Wishner, Executive Director  
Teresa De Dios, Agency Secretary  
Karen Ogawa, Agency Treasurer

# City of Walnut Organizational Chart

The City of Walnut is a contract City which utilizes contracts with the county and private businesses to provide services to our residents. The City has an Administrative Services department that manages the administration of the City, coordinates the City Budget and purchasing functions, a Community Development department that oversees the building and planning of the City, and a Community Services department that coordinates and maintains the City's parks, recreation programs, and public works.

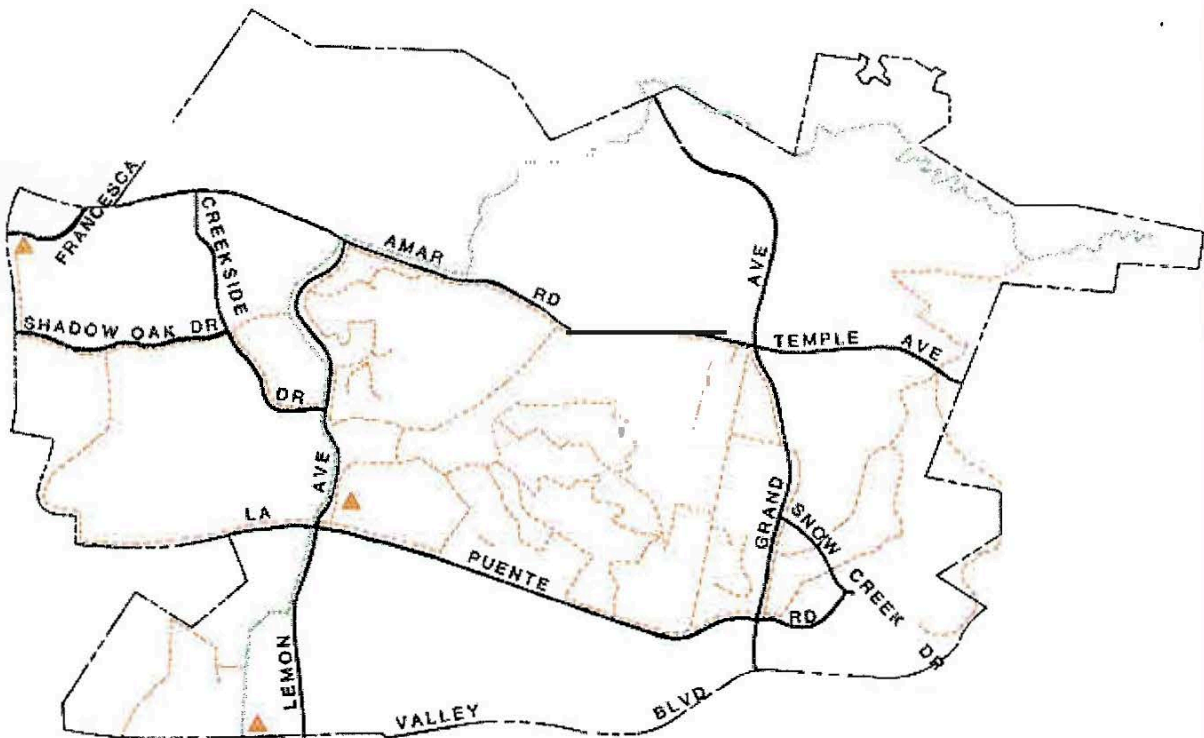


# City of Walnut Trail Map



There are 30.5 miles of equestrian/hiking trails winding through Walnut's rolling hills. The area has been linked to horse-related activities for many years, and interest in an equestrian oriented lifestyle has attracted many of the City's residents to settle in this area. The scenic, natural topography provides an ideal place for riding and hiking. The equestrian/hiking trails wind through the community and take advantage of the open spaces, parks, and preserved natural areas. Along the trails are three rest areas, located on Valley Boulevard at Lemon Creek, on Nogales Street south of Francesca Drive, and on Lemon Avenue just north of La Puente Road. All three rest areas have picnic tables, trash cans, and trees to provide shade. The map below indicates the equestrian/hiking trails and rest areas.

City of Walnut  
21201 La Puente Road  
Walnut, CA 91789  
(909) 595-7543



TOTAL CITY TRAILS	23.5 MILES
TOTAL COUNTY TRAILS	<u>7 MILES</u>
TOTAL TRAIL MILES	30.5 MILES





**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

VALUE THE *difference*

## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council  
of the City of Walnut  
Walnut, California

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Walnut, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the budgetary comparison information on pages 54 through 58, the schedule of proportionate share of the net pension liability and the schedule of contributions on pages 59 and 60, other postemployment benefits schedule of funding progress on page 61, and related notes on page 62, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, 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.



Rancho Cucamonga, California  
December 27, 2017



## Management's Discussion and Analysis

As management of the City of Walnut, we offer readers of the City of Walnut's financial statements this narrative overview and analysis of the financial activities of the City of Walnut for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### Financial Highlights

- The City of Walnut's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$92,645,206 (net position).
- The General Fund has a fund balance of \$16.9 million.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of the fund balance) for the General Fund was \$16.3 million or approximately 128% of the total general fund expenditures.
- The General Fund actual resources available for appropriation (revenue inflows and fund balance) exceeded final budget by \$1,259,310 while actual appropriations (outflows) were \$315,321 less than budget.
- At the close of the current fiscal year, the City of Walnut governmental funds reported a combined fund balances of \$27,919,595.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Walnut's basic financial statements. The City of Walnut's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The statement of net position presents information on all of the City of Walnut's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 Walnut is improving or deteriorating.

The statement of activities presents information showing how the City of Walnut'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 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 Walnut that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City of Walnut include general government, public safety, community development, community services, and public works.

The government-wide financial statements include the blending of separate legal entities the Walnut Public Financing Authority and the Walnut Housing Authority. Although legally separate, these “component units” are, in substance, part of the City’s operations and are important because the City of Walnut is financially accountable for them.

**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 Walnut, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Walnut can be divided into two categories: governmental 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 assessing 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 statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Walnut maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, four special revenue funds, and one capital project fund, all of which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

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

The City of Walnut maintains two different types of fiduciary funds. The Agency funds reports resources held by the City of Walnut in a custodial capacity for individuals, and private organizations. The Private-purpose trust fund is used to accounts for all the financial transactions of the Successor Agency of the former redevelopment agency.

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

**Combining Statements.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Notes to the required supplementary information.

**Government-wide Overall Financial Analysis**

Our analysis focuses on the net position and changes in net position of the City’s governmental activities.

**City of Walnut Net Position  
(In Thousands)**

	Governmental Activities	
	2017	2016
Current and other assets	\$ 31,217	\$ 30,629
Capital assets	71,066	72,964
Total assets	102,283	103,593
 Deferred outflows of resources	 1,340	 489
 Current liabilities	 3,297	 2,516
Noncurrent liabilities	7,133	5,374
Total liabilities	10,430	7,890
 Deferred inflows of resources	 548	 928
 Net Position		
Net investment in capital assets	71,066	72,964
Restricted	10,918	7,115
Unrestricted	10,661	15,185
Total net position	\$ 92,645	\$ 95,264

The City’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$92,645,206 at the close of the fiscal year.

The largest portion of the City of Walnut’s net position (77%) reflects its investment in capital assets (e.g. land, buildings and improvements, furniture, fixtures, equipment, and infrastructures), less any related outstanding debt that was used to acquire those assets. The City of Walnut uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City of Walnut’s net position (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,661,289 is unrestricted and maybe used to meet the government’s ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Walnut is able to report positive balances in all reported categories of net position, both for the government as a whole, as wells as for its separate government activities. The same situation held true for the prior fiscal year.

The City of Walnut overall net position decreased \$2,618,915 which mainly due to a decrease in capital assets. The following is an explanation of the major changes:

- Capital assets decreased \$1,897,793 net of depreciation. The decrease was attributed to the infrastructures, furniture, and equipment that were fully depreciated and retired during the year. Street resurfacing area 1 and 2 projects are the capital assets completed during the fiscal year. Construction in progress decreased due to the completion of street resurfacing projects coupled with the addition of rehabilitation street, park expansion and bus shelter projects which are still on-going. The changes are as follows:

**City of Walnut Asset Type**

Construction in progress	\$ (706,902)
Building and improvements	(550,798)
Furniture and equipment	(18,347)
Infrastructure	<u>(621,746)</u>
Capital asset net decrease	<u>\$ (1,897,793)</u>

- Deferred outflows of resources and noncurrent liabilities increased mainly as a result of the implementation of GASB 68 as related to pension activities.

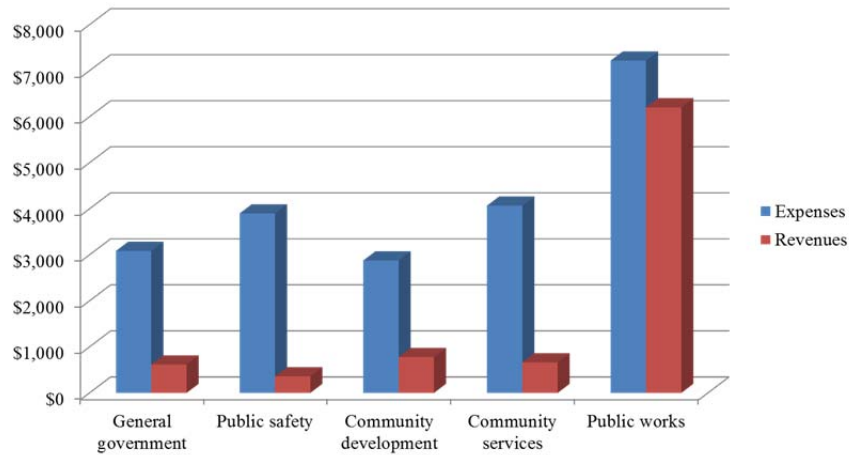
**Governmental Activities.** Governmental activities decreased the City of Walnut net position by \$2,618,915. Key elements of the changes are as follow:

- The increase of \$245,114 in charges for services is primarily due to higher revenues received from the public work fees and community services programs.
- The capital contribution and grants increased by \$543,901 mainly due to the increase in revenues received from Los Angeles County Metropolitan Transit Authority for the capital projects.
- Taxes decreased by \$631,211 primarily due to property tax adjustments.
- Other revenues decreased by \$500,691 primarily due to numerous new residential and commercial developments in prior year.

**City of Walnut Changes in Net Position**  
**(In Thousands)**

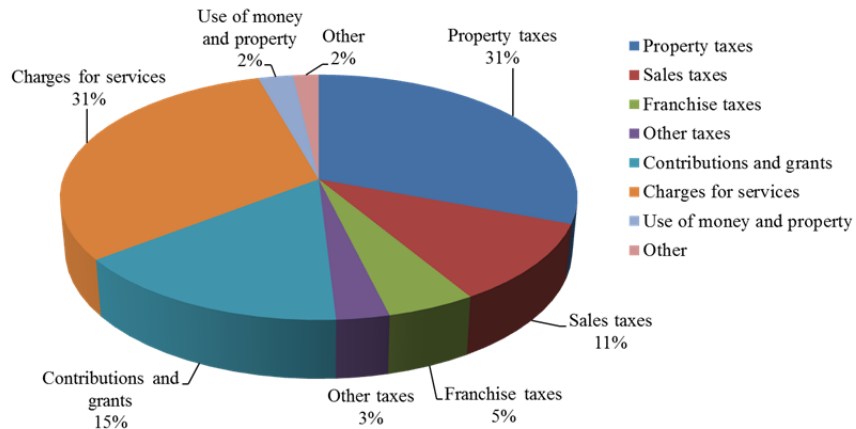
	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 5,768	\$ 5,523
Operating contributions and grants	985	956
Capital contributions and grants	1,879	1,335
General revenues:		
Taxes:		
Property taxes	5,700	6,409
Sales taxes	1,963	1,890
Franchise taxes	897	937
Business license taxes	127	110
Other taxes	387	359
Motor vehicle in lieu	23	22
Use of money and property	468	448
Other	339	840
Total revenues	18,536	18,829
Expenses:		
General government	3,086	2,559
Public safety	3,901	3,773
Community development	2,879	2,249
Community services	4,069	5,442
Public works	7,220	5,779
Total expenses	21,155	19,802
Decrease in net position	(2,619)	(973)
Beginning Net position	95,264	96,237
Ending Net Position	\$ 92,645	\$ 95,264

**City of Walnut Government Activities  
Expense and Program Revenues  
(In Thousands)**



- General government expenses increased by \$527,217 due to decrease in personnel costs coupled with an increase in special legal expenses.
- Public safety expenses increased \$127,818 mainly due to increase in law enforcement contractual services.
- Community services decreased \$1.4 million compared to prior year primarily due to irrigation controller project completed during the prior year and no major projects in current year.
- Public Work expenses increased \$1.4 million mainly due to more public works projects this year compared to last fiscal year.

**City of Walnut Governmental Activities  
Revenue by Source  
(% of Total Revenues)**



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

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

**Governmental Funds.** The focus of the City of Walnut's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the City of Walnut'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 Walnut's governmental funds reported combined fund balances of \$27,919,599. An increase of \$8,023 in comparison to prior year. Of this balance 2% (\$645,238) are nonspendable balances for notes and loans, advances to other funds, and prepaid costs; 39% (\$10,938,891) are legally restricted to fund such areas as low and moderate housing projects, public safety, community services, and public works; 7% (\$2,000,000) are committed to disaster recovery and self-insurance; 42% (\$11,570,954) are assigned to community services, maintenance and operations, and other post-employment benefits; and the remaining 10% (\$2,764,516) are unassigned.

The general fund is the chief operating fund of the City of Walnut. At the end of the current fiscal year, the general fund reflects a fund balance of \$16,900,575. The unassigned fund balance of the general fund is \$2,775,032, which represents approximately 16% compared to the general fund expenditures, while the total fund balance represents approximately 132% of the general fund expenditures. The general fund balance increased \$21,516 in comparison to last year.

The capital improvement fund accounts for major capital outlay and infrastructures improvements for the City. The fund balance at the end of the year is \$1,456,260, a decrease of \$609,618 as a result of the various capital items and projects completed during the year. These projects were street resurfacing areas 1 and 2. Construction in progress for the street improvements, park expansion, and general plan update.

The non-major governmental fund balance relating to the park improvement increased due to new residential and commercial developments. Proposition A and R funds increased compared to prior year due to higher allocation received from Los Angeles County for the City's share of the ½ cents sales tax levied for local transit and public transit purposes.

### **General Fund Budgetary Highlights**

The actual charges to appropriations for the general fund at year end were \$315,521 less than the final budget. The budget to actual variance in appropriations was due close control by management on spending and savings realized due to decrease in staffing level through normal attrition. Actual revenues compared favorably to the final budget with a \$1,259,310 excess. This positive variance was due to the increased revenues as mentioned earlier. Budget amendments and supplemental appropriation were made during the year to increase appropriations for unanticipated expenditures after adoption of the original budget in the amount of \$394,865.

## Capital Asset and Debt Administration

**Capital Assets.** At the end of the fiscal year ended June 30, 2017, the City had \$137,592,215 invested in a broad range of capital assets including land, buildings, infrastructures, furniture, and equipment. The amount represents a net increase of \$476,197 over last year. This increase is mainly due to the various capital items purchase and capital improvement projects completed during the year.

### City of Walnut Capital Assets Net of Depreciation (In Thousands)

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Land	\$ 10,793	\$ 10,793
Construction in progress	513	1,220
Building and improvements	13,576	14,126
Furniture and equipment	1,325	1,344
Infrastructure	<u>44,860</u>	<u>45,481</u>
Total	<u>\$ 71,067</u>	<u>\$ 72,964</u>

The City's five-year Capital Improvement Program projects spending \$7.4 million through fiscal year 2021-22. Funding will come from current fund balances committed for capital projects and projected revenues over the next five years. The most significant projects include the design and construction of a future recreation facility, Amar road resurfacing, and slurry seal projects.

Additional information on the capital assets can be found in Note 3 on page 37 of this report.



**Long-term Debt.** At the end of the current fiscal year, the City of Walnut had total accrued employee benefits, net pension obligation and other post-employment benefit (OPEB) obligation of \$7,132,587.

**City of Walnut Outstanding Debt  
(In Thousand)**

	Governmental Activities	
	2017	2016
OPEB obligation	\$ 836	\$ 537
Net pension obligation	5,847	4,465
Accrued employee benefits	449	372
 Total	 \$ 7,133	 \$ 5,374

Additional information on long-term debt can be found in Note 4 on page 38 of this report.

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

The revenue and expenditure projections provided for the 2017-18 budget is based upon economic forecasts and trends for the area in which the City is located. It is based on the information supplied by outside agencies, such as the State Department of Finance, State Board of Equalization, and the Los Angeles County Assessor’s Office, to predict revenues for entitlement, grants, state subventions, sales tax and property tax. The revenue and expenditure projections are intended to serve as a guide in planning for the future.

This year, the assumptions used for forecasting the revenues included a flat sales tax projection for the next couple of years with a 2% increase on the property taxes. These projections were based on the current economic situation and uncertainty in the market.

The building related revenues such as plan checks and building permits have been projected to have a slight increase due to new development project(s) that are currently in the beginning stages; however, no increases are projected for the years thereafter since the City does not have definite details about the projected start dates.

The assumptions used for forecasting expenditures included a projected increase of 3% for all expenditures related to personnel and 2% increase for operations of the City. All expenditures for the City’s public safety program, which includes payment for the Los Angeles County Sheriff services, have been projected to increase 4% in year 2 and thereafter. All liability and property insurance costs are projected to increase by 4%. In addition, where ever possible, any expenditures which are not “on-going”, such as expenditures identified for certain capital or fixed asset items, have not been carried forward as expenditures in following years. Also taken into consideration are any costs for contracted services, in which the City has an agreement with the provider, where the fees are to remain constant for a specified number of years.

A priority of the City is to maintain a high quality of services while adopting a balanced budget. Once again the budget is balanced for the coming year.

**Request for Information**

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Walnut finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Division, at the City of Walnut, 2102 La Puente Road, Walnut, California 91789.

# **BASIC FINANCIAL STATEMENTS**

**CITY OF WALNUT, CALIFORNIA**

**STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments	\$ 26,960,822
Receivables:	
Accounts	216,195
Notes and loans	1,689,373
Accrued interest	70,919
Deferred loans	781,530
Prepaid costs	303,719
Due from other governments	640,145
Restricted assets:	
Cash with fiscal agent	554,000
Capital assets not being depreciated	11,305,485
Capital assets, net of depreciation	59,760,577
Total Assets	<u>102,282,765</u>
<b>Deferred Outflows of Resources</b>	
Deferred amount related to pensions	<u>1,339,981</u>
<b>Liabilities</b>	
Accounts payable	1,928,862
Accrued liabilities	217,014
Unearned revenue	174,522
Due to other governments	976,706
Noncurrent liabilities:	
Due within one year	337,053
Due in more than one year	112,245
Net pension liability	5,847,350
Net OPEB obligation	835,939
Total Liabilities	<u>10,429,691</u>
<b>Deferred Inflows of Resources</b>	
Deferred amounts related to pensions	<u>547,849</u>
<b>Net Position</b>	
Net investment in capital assets	71,066,062
Restricted for:	
Community development projects	3,832,963
Public safety	162,114
Community services	1,306,293
Public works	5,616,485
Unrestricted	10,661,289
Total Net Position	<u>\$ 92,645,206</u>

See Notes to Financial Statements.

**CITY OF WALNUT, CALIFORNIA**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
<b>Governmental Activities:</b>					
General government	\$ 3,086,260	\$ 563,889	\$ 54,941	\$ -	\$ (2,467,430)
Public safety	3,900,642	233,541	129,324	-	(3,537,777)
Community development	2,879,006	1,942	226,845	552,110	(2,098,109)
Community services	4,069,437	664,425	-	-	(3,405,012)
Public works	7,219,860	4,304,184	574,309	1,326,715	(1,014,652)
<b>Total Governmental Activities</b>	<b>\$ 21,155,205</b>	<b>\$ 5,767,981</b>	<b>\$ 985,419</b>	<b>\$ 1,878,825</b>	<b>(12,522,980)</b>
<b>General Revenues:</b>					
<b>Taxes:</b>					
Property taxes, levied for general purpose					5,700,002
Sales taxes					1,962,759
Franchise taxes					897,264
Business taxes					126,642
Other taxes					386,766
Motor vehicle in lieu - unrestricted					23,307
Use of money and property					468,435
Other					338,890
<b>Total General Revenues</b>					<b>9,904,065</b>
<b>Change in Net Position</b>					<b>(2,618,915)</b>
<b>Net Position, Beginning of Year</b>					<b>95,264,121</b>
<b>Net Position, End of Year</b>					<b>\$ 92,645,206</b>

See Notes to Financial Statements.

**CITY OF WALNUT, CALIFORNIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	General	Special Revenue Funds	
		Community Development Block Grant	LOSMD
<b>Assets</b>			
Pooled cash and investments	\$ 16,379,854	\$ -	\$ 933,992
Receivables:			
Accounts	203,254	-	2,600
Notes and loans	-	-	-
Accrued interest	67,709	-	-
Deferred loans	-	690,881	-
Prepaid costs	303,719	-	-
Due from other governments	444,561	102,004	40,168
Due from other funds	142,637	-	-
Advances to other funds	250,870	-	-
Restricted assets:			
Cash and investments with fiscal agents	554,000	-	-
<b>Total Assets</b>	<u>\$ 18,346,604</u>	<u>\$ 792,885</u>	<u>\$ 976,760</u>
<b>Liabilities and Fund Balances</b>			
Accounts payable	\$ 862,202	\$ 8,782	\$ 138,202
Accrued liabilities	212,066	-	-
Unearned revenues	166,033	-	-
Due to other governments	205,728	690,881	-
Due to other funds	-	93,222	-
Advances from other funds	-	-	250,870
<b>Total Liabilities</b>	<u>1,446,029</u>	<u>792,885</u>	<u>389,072</u>
<b>Fund Balances</b>			
Nonspendable	554,589	-	-
Restricted	-	-	587,688
Committed	2,000,000	-	-
Assigned	11,570,954	-	-
Unassigned	2,775,032	-	-
<b>Total Fund Balances</b>	<u>16,900,575</u>	<u>-</u>	<u>587,688</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 18,346,604</u>	<u>\$ 792,885</u>	<u>\$ 976,760</u>

See Notes to Financial Statements.

Special Revenue Funds		Capital Projects Fund		Other Governmental Funds	Total Governmental Funds
Low and Moderate Income Housing Fund	Gas Tax	Capital Improvements			
\$ 252,333	\$ 590,758	\$ 1,726,703	\$ 7,077,182	\$ 26,960,822	
-	-	-	10,341	216,195	
1,689,373	-	-	-	1,689,373	
-	-	-	3,210	70,919	
-	-	-	90,649	781,530	
-	-	-	-	303,719	
-	-	-	53,412	640,145	
-	-	-	-	142,637	
-	-	-	-	250,870	
-	-	-	-	554,000	
<u>\$ 1,941,706</u>	<u>\$ 590,758</u>	<u>\$ 1,726,703</u>	<u>\$ 7,234,794</u>	<u>\$ 31,610,210</u>	
\$ -	\$ 363,614	\$ 270,443	\$ 285,619	\$ 1,928,862	
-	-	-	4,948	217,014	
-	-	-	8,489	174,522	
-	62,326	-	17,771	976,706	
-	-	-	49,415	142,637	
-	-	-	-	250,870	
-	425,940	270,443	366,242	3,690,611	
-	-	-	90,649	645,238	
1,941,706	164,818	-	6,788,419	9,482,631	
-	-	-	-	2,000,000	
-	-	1,456,260	-	13,027,214	
-	-	-	(10,516)	2,764,516	
<u>1,941,706</u>	<u>164,818</u>	<u>1,456,260</u>	<u>6,868,552</u>	<u>27,919,599</u>	
<u>\$ 1,941,706</u>	<u>\$ 590,758</u>	<u>\$ 1,726,703</u>	<u>\$ 7,234,794</u>	<u>\$ 31,610,210</u>	

See Notes to Financial Statements.

**CITY OF WALNUT, CALIFORNIA**

**RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

<b>Fund Balances of Governmental Funds</b>	\$ 27,919,599
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	71,066,062
Compensated absences have not been included in the governmental fund activity	(449,298)
Proportionate share of net pension liability that has not been included in the governmental fund activity	(5,847,350)
Deferred outflows related to pensions	1,339,981
Deferred inflows related to pensions	(547,849)
Governmental funds report all OPEB contributions as expenditures; however in the statement of net position, any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as assets or liability.	<u>(835,939)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 92,645,206</u></u>

See Notes to Financial Statements.



**CITY OF WALNUT, CALIFORNIA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	General	Special Revenue Funds	
		Community Development Block Grant	LOSMD
<b>Revenues</b>			
Taxes	\$ 9,274,951	\$ -	\$ -
Assessments	-	-	2,265,340
Licenses and permits	1,829,914	-	-
Intergovernmental	26,157	187,935	-
Charges for services	1,297,286	-	-
Use of money and property	420,191	-	-
Fines and forfeitures	27,829	-	-
Miscellaneous	186,226	-	-
<b>Total Revenues</b>	<b>13,062,554</b>	<b>187,935</b>	<b>2,265,340</b>
<b>Expenditures</b>			
Current:			
General government	2,392,349	-	-
Public safety	3,766,748	-	-
Community development	1,856,377	187,935	-
Community services	3,326,527	-	-
Public works	1,451,736	-	2,490,174
Capital outlay	9,396	-	53,038
<b>Total Expenditures</b>	<b>12,803,133</b>	<b>187,935</b>	<b>2,543,212</b>
Excess (deficiency) of revenues over (under) expenditures	259,421	-	(277,872)
<b>Other Financing Sources (Uses)</b>			
Transfers in	151,816	-	-
Transfers out	(389,721)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(237,905)</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>21,516</b>	<b>-</b>	<b>(277,872)</b>
Fund Balances, Beginning of Year	16,879,059	-	865,560
Fund Balances, End of Year	\$ 16,900,575	\$ -	\$ 587,688

See Notes to Financial Statements.

Special Revenue Funds		Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Low and Moderate Income Housing Fund	Gas Tax	Capital Improvements		
\$ -	\$ -	\$ -	\$ -	\$ 9,274,951
-	-	-	297,630	2,562,970
-	-	-	-	1,829,914
-	574,309	-	2,135,758	2,924,159
-	-	-	-	1,297,286
-	3,885	-	42,196	466,272
-	-	-	103,802	131,631
-	-	300	64,099	250,625
-	578,194	300	2,643,485	18,737,808
-	-	-	-	2,392,349
-	-	-	127,816	3,894,564
-	-	4,604	830,090	2,879,006
-	-	208,100	51,910	3,586,537
-	830,253	690,315	327,024	5,789,502
-	-	96,620	28,773	187,827
-	830,253	999,639	1,365,613	18,729,785
-	(252,059)	(999,339)	1,277,872	8,023
-	-	389,721	-	541,537
-	-	-	(151,816)	(541,537)
-	-	389,721	(151,816)	-
-	(252,059)	(609,618)	1,126,056	8,023
1,941,706	416,877	2,065,878	5,742,496	27,911,576
\$ 1,941,706	\$ 164,818	\$ 1,456,260	\$ 6,868,552	\$ 27,919,599

See Notes to Financial Statements.

**CITY OF WALNUT, CALIFORNIA**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

**Net Change in Fund Balances - Total Governmental Funds** \$ 8,023

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital assets, net of gains/loss on disposal	\$ 699,339	
Depreciation	<u>(2,597,132)</u>	(1,897,793)

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This represents the net change in the compensated absences liability. (77,426)

The net OPEB obligation reported in the statement of activities does not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (298,860)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as a change in the net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the change in pension related amounts. (151,341)

Revenues reported as unavailable revenues in the governmental funds and recognized in the statement of activities previously. These are included in the intergovernmental revenues in the governmental fund activity. (201,518)

**Change in Net Position of Governmental Activities** \$ (2,618,915)

**CITY OF WALNUT, CALIFORNIA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017**

	Agency Fund	Private Purpose Trust Fund <u>Successor Agency of the Former RDA</u>
<b>Assets</b>		
Pooled cash and investments	\$ 1,594,239	\$ 409,331
Receivables:		
Accrued interest	-	539
Due from the City	-	-
Restricted assets:		
Cash and investments with fiscal agents	-	16
Total Assets	<u>\$ 1,594,239</u>	<u>409,886</u>
<b>Deferred Outflows of Resources</b>		
Deferred loss on debt refunding	-	6,348
<b>Liabilities</b>		
Accounts payable	14,677	-
Accrued interest	-	168,150
Deposits payable	1,579,562	-
Long-term liabilities:		
Due in one year	-	3,435,000
Due in more than one year	-	4,174,457
Total Liabilities	<u>\$ 1,594,239</u>	<u>7,777,607</u>
<b>Net Position (Deficit)</b>		
Held in trust for other purposes		(7,361,373)
Total Net Deficit		<u>\$ (7,361,373)</u>

See Notes to Financial Statements.

**CITY OF WALNUT, CALIFORNIA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2017**

	<u>Private Purpose Trust Fund</u> Successor Agency of the Former RDA
<b>Additions</b>	
Taxes	\$ 3,967,138
Interest and change in fair value of investments	4,342
Total Additions	<u>3,971,480</u>
<b>Deductions</b>	
Administrative expenses	253,000
Contractual services	1,250
Interest expense	220,782
Total Deductions	<u>475,032</u>
Changes in Net Position	3,496,448
Net Position - Beginning of the Year	<u>(10,857,821)</u>
Net Position - End of the Year	<u>\$ (7,361,373)</u>

See Notes to Financial Statements.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**I. SIGNIFICANT ACCOUNTING POLICIES**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

**a. Description of Reporting Entity**

The City of Walnut is a reporting entity, which consists of the primary government and component units:

Reporting Entity:

Primary Government:  
City of Walnut

Component Unit:  
Walnut Public Financing Authority  
Walnut Housing Authority

As required by generally accepted accounting principles, these financial statements present the City of Walnut (the primary government) and its component units. Component units are entities for which the government is considered to be financially accountable either because the component unit will provide a financial benefit or impose a financial burden on the primary government.

The City of Walnut was incorporated on January 19, 1959, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City.

The Walnut Public Financing Authority was established on November 9, 1988, by a joint exercise of powers agreement between the City and the Improvement Agency. Under the bond law the Authority has the power to issue bonds and loan the proceeds to any local agency.

The Walnut Housing Authority was established on October 9, 1996, pursuant to the State of California Health and Safety Code, Section 34200. Its purpose is to provide for new and/or improvement of existing low and moderate housing stock for residents of the community.

**Blended Component Units**

The Walnut Public Financing Authority and the Walnut Housing Authority, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City of Walnut.

The component units are governed by the City Council of the City of Walnut. The economic resources received or held by the Walnut Public Financing Authority and the Walnut Housing Authority are entirely or almost entirely for the direct benefit of the City. The City is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the Walnut Public Financing Authority and the Walnut Housing Authority. Therefore, they are included in this financial presentation using the blending method. The activities of the Housing Authority are included within the City's funds.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**b. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report on the government as a whole. They include the City of Walnut and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. Agency funds are reported on the accrual basis of accounting.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The City reports the following major governmental funds:

- The General Fund is the government'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 Community Development Block Grant (CDBG) Fund is a federal grant administered by the County of Los Angeles Department of Community Development under the provisions of the 1974 Housing and Community Development Act. The funds are available to cities and restricted to provide improvements to those considered “blighted” under the definitions set forth by the Act.
- The Lighting and Open Space Maintenance District (LOSMD) is comprised of approximately 369 acres of landscape areas throughout the City that is divided into twelve zones and generates revenue based on property tax assessments per zone. The funds are restricted for the landscape maintenance, rodent control, weed abatement, and other related expenses within the LOSMD.
- The Low & Moderate Income Housing Fund accounts for resources received from the Redevelopment Property Tax Trust Fund and are restricted for the implementation, administration and monitoring of the Low and Moderate income housing affordability and other requirements of the State housing and redevelopment.
- The Gas Tax Fund accounts for the City’s proportionate share of gas tax monies collected by the State of California, which are restricted for street construction and maintenance.
- The Capital Improvement Fund accounts for purchases of land, major capital outlay and infrastructure improvements.

Additionally the government reports the following fiduciary funds:

- The Agency Fund is used to report resources held by the City in a purely custodial capacity which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The City has one Agency Fund. The Agency Fund accounts for refundable deposits.
- The Private Purpose Trust fund accounts for the activities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

**d. Policy for Eliminating Internal Activity in Government-Wide Statement of Activities**

Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.



**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**e. Assets, Liabilities and Net Position or Equity**

**1. 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. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Governmental Funds.

Investments for the City as well as for its component units are reported at fair value. The City's policy is generally to hold investments until maturity. The State Treasurer's and Los Angeles County's Investment Pools operate in accordance with appropriate state laws and regulations. The investment pools value participant shares on an amortized costs basis during the year and adjusts to fair value at year-end.

**Fair Value Measurements**

Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurements and Application*, provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The City categorized the fair value measurements for its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**2. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the general fund financial statements, are offset by a nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible. 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 as of 12:01 A.M. on the first day in January preceeding 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.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**e. Assets, Liabilities and Net Position or Equity (Continued)**

3. Prepaid Costs

Payments to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items. A portion of the relevant funds' balances equal to the prepaid items is shown as nonspendable to indicate that it is not available for appropriation. The City utilizes the consumption method of accounting for purchases, and accounts for prepaid costs in the period that the benefit was received and recognizes expenditures or expenses as consumed.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets other than infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two year. Infrastructure assets have a capitalization threshold of \$25,000. General infrastructure assets acquired in current and prior years has been reported. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40 - 50*
Building improvements	25
Infrastructure	30 - 50
Vehicles	7
Office equipment	7
Computer equipment	7
Furniture	10

\* Buildings acquired before June 30, 2002, are depreciated over 40 years.  
Buildings built after July 1, 2003, are depreciated over 50 years.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**e. Assets, Liabilities and Net Position or Equity (Continued)**

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows of resources for pensions. The government also reports deferred outflows for loss on debt refunding which is the result of the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position reports 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide statement of net position, the government reports deferred inflows of resources for pensions.

**6. Net Pension Liabilities**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

**7. Compensated Absences**

It is the government'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 separation of employment, upon completion of one year of service. Sick leave is payable when an employee is unable to work because of illness. Sick leave accruals over 160 hours may be paid at the rate of 50% in December of each calendar year.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**e. Assets, Liabilities and Net Position or Equity (Continued)**

**7. Compensated Absences (Continued)**

Upon separation, sick leave accrued will be paid based on the following:

- Up to five years of continuous service, employee will be paid all accrued sick leave over 160 hours at the rate of one-half of the employee's current rate of pay.
- After five years of continuous service, employee will be paid all accrued sick leave at the rate of one-half of the employee's current rate of pay.

Each full time classified employee has the option on an annual basis to cash out up to 40 hours of vacation time at the employee's current rate of pay. To be eligible for the cash out option, employees must have used at least 40 hours of vacation time within the preceding calendar year, and must have a balance of 160 vacation hours after the cash out.

Any or all of the vacation cash out will be paid, upon written request of the employee, once a year at the employee's current wage at the time of payment. Said payment is to be made on the first day of February, or at such time as the City Manager may determine at his/her absolute discretion as appropriate.

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.

**8. Net Position Flow Assumption**

Sometimes the government 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 statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**9. Fund Equity and Flow Assumptions**

The City Council adopts fund balance policies that amend committed fund balance amounts through a resolution. The City Manager authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted through the Municipal Code and the adoption of the budget. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to be used first, then unrestricted. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

**f. Unearned Revenue**

Revenues were received in the General Fund of \$166,033 and Used Oil Recycling Grant Fund of \$8,489 for advance payment of class registration and other various fees that have been recorded as unearned revenue until such time as those revenues meet the recognition criteria.

CITY OF WALNUT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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

**g. Effect of New Accounting Standards**

**Accounting Pronouncements Effective in the Fiscal Year**

**GASB Statement No. 73** – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68 for pension plans and pensions that are within their respective scopes. This statement is effective for periods beginning after June 15, 2015 and June 15, 2016. The City has determined that the requirements of this statement effective in the current year do not have a material impact on the financial statements. Management has not determined the effect for those provisions that are effective for periods beginning after June 15, 2016 or the 2016-17 fiscal year.

**GASB Statement No. 74** – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The City has determined that the requirements of this statement effective in the current year do not have material impact on the financial statements.

**GASB Statement No. 77** – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. The City has determined that the requirements of this statement effective in the current year do not have material impact on the financial statements.

**GASB Statement No. 79** – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Both the qualifying external investment pools and their participants are required to disclose information about any limitations or restrictions on participant withdrawals. The Statement is effective for the periods beginning after June 15, 2015. The City has implemented this statement without material impact.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**g. Effect of New Accounting Standards (Continued)**

**Accounting Pronouncements Effective in the Fiscal Year (Continued)**

**GASB Statement No. 80** – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of the Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The Statement is effective for the reporting periods beginning after June 15, 2016. The City has not yet determined the impact of this Statement.

**Accounting Pronouncements Effective in Future Fiscal Years**

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements prior to June 30, 2017, that have effective dates that may impact future financial statement presentation. The effect of these statements is currently under review by the City:

**GASB Statement No. 75** – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

**GASB Statement No. 81** – *Irrevocable Split-Interest Agreements*

**GASB Statement No. 83** – *Certain Asset Retirement Obligations*

**GASB Statement No. 84** – *Fiduciary Activities*

**GASB Statement No. 85** – *Omnibus 2017*

**GASB Statement No. 86** – *Certain Debt Extinguishment Issues*

**GASB Statement No. 87** – *Leases*

# CITY OF WALNUT, CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### II. DETAILED NOTES ON ALL FUNDS

#### *NOTE 2 – CASH AND INVESTMENTS*

Cash and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 26,960,822
Cash with fiscal agent	554,000
Statement of fiduciary net position:	
Cash and investments	2,003,570
Cash with fiscal agent	16
Total cash and investments	<u>\$ 29,518,408</u>

Cash and investments as of June 30, 2017, consists of the following:

Cash on hand	\$ 685,778
Petty cash	1,300
Cash with fiscal agent	554,016
Investments	28,277,314
Total cash and investments	<u>\$ 29,518,408</u>

The City of Walnut maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported as cash and investments. The City has adopted an investment policy which authorizes it to invest in various investments.

#### Custodial Credit Risk

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE 2 – CASH AND INVESTMENTS (CONTINUED)***

Cash Deposits

At June 30, 2017, the carrying amount of the City’s deposits was \$685,778 and the bank balance was \$1,342,985. The \$657,207 difference represents outstanding checks and other reconciling items.

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

Under provision of the City’s investment policy, and in accordance with the California Government Code, the following investments are authorized:

- Certificates of Deposit (or time deposits)
- Local Agency Investment Fund (State Pool)
- Securities of the U.S. Government or its Agencies
- Bankers Acceptances
- Commercial Paper
- Passbook Savings Account Demand Deposits
- Los Angeles County Treasurer’s Investment Pool
- Money Market Mutual Fund
- Medium-Term Notes

Fair Value Measurements

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Generally Accepted Accounting Principles (GAAP) require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical asset assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows as of June 30, 2017:

Investments	Fair Value	Fair Value Measurements Using:		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Federal Agency Securities	\$ 999,154	\$ -	\$ 999,154	\$ -
Medium Term Notes	500,143	-	500,143	-
Total	1,499,297	\$ -	\$ 1,499,297	\$ -
County Pool	3,444,010			
LAIF	23,334,007			
Money Market Account	554,016			
Total investments	<u>\$ 28,831,330</u>			

Deposits and withdrawals in the County Investment Pool and LAIF are made on the basis of \$1 and not fair value. Accordingly, the fair value inputs for the City's investment in these pools are uncategorized not defined as a Level 1, 2, or 3 input.



## CITY OF WALNUT, CALIFORNIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

#### *NOTE 2 – CASH AND INVESTMENTS (CONTINUED)*

##### Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

##### Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the 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.

##### Los Angeles County Pooled Investment Fund

The City is also a voluntary participant in the Los Angeles County Pooled Investment Fund. The Los Angeles County Pooled Investment Fund (LACPIF) is a pooled investment fund program governed by the County of Los Angeles Board of Supervisors, and administered by the County of Los Angeles Treasurer and Tax Collector. Investments in LACPIF are highly liquid as deposits and withdrawals can be made at anytime without penalty. LACPIF imposes a minimum investment limit of \$50,000. As of June 30, 2017, the City's participation is 0.012%. LACPIF has a weighted average maturity of 672 days.

Pool detail is included in the County of Los Angeles' Comprehensive Annual Financial Report (CAFR). Copies of the CAFR may be obtained from the County of Los Angeles Auditor-Controller's Office at 500 West Temple Street, Los Angeles, California 90012.

##### Credit Risk

As of June 30, 2017, the City's investments in Federal Agency Securities consisted of investments with Federal Home Loan Bank Bonds and Federal Farm Credit Bonds and were rated "AA+" by Standard and Poor's. All securities were investment grade and were legal under State and City law. As of June 30, 2017, the City's investment in the General Electric medium term note was rated "A+" by Fitch rating. As of June 30, 2017, the City's investment in LAIF and LACPIF are unrated.

##### Concentration of Credit Risk

The City's investment policy does not impose restrictions for certain types of investments with any one issuer beyond that stipulated by the California Government Code.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE 2 – CASH AND INVESTMENTS (CONTINUED)***

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's portfolio to maturities of less than five years.

The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2017, the City had the following investments and original maturities:

	Remaining Investment	
	Maturities	
	6 months	Fair
	or less	Value
Federal Home Loan Bank	\$ 999,154	\$ 999,154
General Electric Capital Corporation	500,143	500,143
Los Angeles County Investment Pool	3,444,010	3,444,010
California Local Agency Investment Fund	23,334,007	23,334,007
Money Market Account	554,016	554,016
	<u>\$ 28,831,330</u>	<u>\$ 28,831,330</u>

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017, was as follows:

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 10,792,506	\$ -	\$ -	\$ 10,792,506
Construction in progress	1,219,881	512,979	1,219,881	512,979
Total capital assets not being depreciated	12,012,387	512,979	1,219,881	11,305,485
Capital assets being depreciated:				
Buildings	22,312,244	-	-	22,312,244
Equipment	4,829,658	213,088	228,168	4,814,578
Infrastructure	97,961,726	1,198,183	-	99,159,909
Total capital assets being depreciated	125,103,628	1,411,270	228,168	126,286,730
Less accumulated depreciation for:				
Buildings	8,185,771	550,797	-	8,736,568
Equipment	3,486,055	226,406	223,139	3,489,322
Infrastructure	52,480,334	1,819,929	-	54,300,263
Total accumulated depreciation	64,152,160	2,597,132	223,139	66,526,153
Total capital assets being depreciated, net	60,951,468	(1,185,862)	5,029	59,760,577
Governmental activities capital assets, net	\$ 72,963,855	\$ (672,884)	\$ 1,224,910	\$ 71,066,062

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

Governmental Activities:	
General government	\$ 166,284
Public safety	6,078
Recreation and parks	482,900
Public works	1,941,870
Total Depreciation Expense - Governmental Activities	\$ 2,597,132

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 4 – LONG-TERM DEBT**

**Changes in Long-Term Debt**

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance July 1, 2016	Additions	Deletions	Ending Balance June 30, 2017	Due within one year
Governmental Activities:					
OPEB obligation	\$ 537,079	\$ 301,542	\$ 2,682	\$ 835,939	\$ -
Net pension liability	4,464,984	1,382,366	-	5,847,350	-
Accrued employee benefits	371,872	356,396	278,970	449,298	337,053
Total	<u>\$ 5,373,935</u>	<u>\$ 2,040,304</u>	<u>\$ 281,652</u>	<u>\$ 7,132,587</u>	<u>\$ 337,053</u>

For the governmental activities, accrued employee benefits, net pension obligation and the OPEB obligation are generally liquidated by the General Fund.

**NOTE 5 – INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS**

The composition of interfund balances as of June 30, 2017, is as follows:

Due to Other Funds	Due From Other Funds	Amount
CDBG	General Fund	\$ 93,222
Non-major Governmental Funds	General Fund	49,415
		<u>\$ 142,637</u>

The due to the General Fund of \$142,637 from various funds resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers In	Transfers Out	Amount
General Fund	Non-major Governmental Funds	\$ 151,816
Capital Improvement Fund	General Fund	389,721
		<u>\$ 541,537</u>

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Advances to Other Funds	Advances From Other Funds	Amount
General Fund	LOSMD	\$ 250,870
		<u>\$ 250,870</u>

The purpose of the \$250,870 advance from the General Fund is to fund various expenditures in the LOSMD Fund.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE 6 – FUND BALANCE***

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

Nonspendable Fund Balance – This amount indicates the portion of fund balances which cannot be spent because they are either not in spendable form, such as prepaid cost, inventories, land held for resale, notes and loans, Advances to other funds, or legally or contractually required to be maintained intact.

Restricted Fund Balance – This amount indicates the portion of fund balances which has been restricted for amounts that are a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other government or b) imposed by law through constitutional provisions or enabling legislation. The City uses the restricted fund balances for the following purposes within each function.

Community development purposes such as implementation and monitoring of affordable housing, implementation of air quality programs to reduce mobile pollution.

Public works purposes such as maintenance of the landscape and lighting assessment district, engineering, general maintenance of street, storm drains, traffic signals, update the pavement management system, and transit related street projects.

Community services purposes such as park maintenance and improvements, transportation for recreation excursions and maintenance of the Senior Center.

Public Safety purpose such as law enforcement, crime prevention, traffic safety and vehicle code and citizen option for public safety programs.

Committed Fund Balance – This amount indicates the portion of fund balances which can only be used for specific purposes pursuant to formal resolution of the City Council. The City maintains a disaster recovery reserve of \$1,000,000 and a self-insurance reserve of \$1,000,000 included in the general fund. The purpose of this reserve is to meet unexpected circumstances such as a natural disaster or other catastrophic event.

Assigned Fund Balance – This amount indicates the portion of fund balances which is constrained by the City’s intent to be used for specific purpose, but it is neither restricted nor committed. The City Manager authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted through the Municipal Code and the adoption of the budget.

Unassigned Fund Balance – This amount indicates the amount in excess of what can be properly classified as nonspendable, restricted, committed, or assigned to specific purposes for the general fund.

CITY OF WALNUT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 6 – FUND BALANCE (CONTINUED)**

	Special Revenue Funds					Capital Projects Fund		Totals
	General	Community Development Block Grant	LOSMD	Low and Moderate Income Housing	Gas Tax	Capital Improvement	Other Governmental Funds	
<b>Nonspendable:</b>								
Prepaid items	\$ 303,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 303,719
Notes and loans	-	-	-	-	-	-	90,649	90,649
Advances to other funds	250,870	-	-	-	-	-	-	250,870
Total Nonspendable	554,589	-	-	-	-	-	90,649	645,238
<b>Restricted:</b>								
Community development	-	-	-	1,941,706	-	-	1,891,257	3,832,963
Public safety	-	-	-	-	-	-	162,113	162,113
Community services	-	-	-	-	-	-	1,327,325	1,327,325
Public works	-	-	587,688	-	164,818	-	3,407,724	4,160,230
Total Restricted	-	-	587,688	1,941,706	164,818	-	6,788,419	9,482,631
<b>Committed:</b>								
Disaster recovery	1,000,000	-	-	-	-	-	-	1,000,000
Self insurance	1,000,000	-	-	-	-	-	-	1,000,000
Total Committed	2,000,000	-	-	-	-	-	-	2,000,000
<b>Assigned:</b>								
Community services	2,666,801	-	-	-	-	-	-	2,666,801
Maintenance & operations	8,149,560	-	-	-	-	-	-	8,149,560
Capital projects	-	-	-	-	-	1,456,260	-	1,456,260
OPEB	754,593	-	-	-	-	-	-	754,593
Total Assigned	11,570,954	-	-	-	-	1,456,260	-	13,027,214
<b>Unassigned:</b>								
Unassigned	2,775,032	-	-	-	-	-	(10,516)	2,764,516
Total	\$ 16,900,575	\$ -	\$ 587,688	\$ 1,941,706	\$ 164,818	\$ 1,456,260	\$ 6,868,552	\$ 27,919,599

**NOTE 7 – PENSIONS PLAN**

**General Information about the Pension Plans**

Plan Descriptions

The City contributes to the California Public Employee Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit plan that acts as a common investment and administrative agent for participating entities within the State of California. The CalPERS plan consists of a miscellaneous plan and safety plan (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees' Retirement Fund C (PERF C). CalPERS provides retirement, disability, and death benefits to plan members and beneficiaries. The benefits for the public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. CalPERS issues a public Comprehensive Annual Financial Report that includes financial statements and required supplementary information for CalPERS. CalPERS issues publicly available reports that includes a full description of the pension plans regarding benefit provisions, assumptions, membership information, and related financial information can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE 7 – PENSIONS PLAN (CONTINUED)***

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 Public Employees Pension Reform Act of 2013 (PEPRA) became effective January 1, 2013. This means that the City now has two defined benefit pension plan "tiers" for eligible employees. Tier 1 (established on July 1, 2003), provides a defined benefit plan formula for Miscellaneous employees of 2.0% at 55. Tier 1 applies to all eligible employees hired on or before January 1, 2013.

The PEPRA Tier (Tier 2) is in effect for new employees hired after January 1, 2013, who have a sixth-month break in CalPERS service or have never worked for a CalPERS covered agency. Miscellaneous employees have a benefit formula of 2.0% at 62.

The Plans’ provisions and benefits in effect at June 30, 2017, are summarized as follows:

	PEPRA	
	Miscellaneous	Miscellaneous
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 and up	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%
Required employee contribution rates	7.0%	6.25%
Required employer contribution rates	8.88%	6.56%

**Contributions**

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Miscellaneous Plan 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 the unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. Contributions to the pension plan were \$506,821 for the year ended June 30, 2017.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE 7 – PENSIONS PLAN (CONTINUED)***

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

As of June 30, 2017, the City of Walnut reported net pension liabilities for its proportionate share of the net pension liability of the plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 5,847,350

The City of Walnut’s net pension liability was measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The City's net pension liability for the Plan is measured as of June 30, 2016, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Miscellaneous Plan as of June 30, 2015 and 2016 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2015	0.0651%
Proportion - June 30, 2016	0.0676%
Change - Increase (Decrease)	<u>0.0025%</u>

For the year ended June 30, 2017, the City of Walnut recognized pension expense of \$658,162. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Miscellaneous Plan</u>		
Pension contributions subsequent to measurement date	\$ 506,821	\$ -
Changes in proportion and difference between City's contributions and the proportionate share of contributions	-	387,156
Net difference between projected and actual earnings on pension plan investments	816,577	-
Differences between expected and actual experience	16,583	3,800
Changes in assumptions	-	156,893
Total	<u>\$ 1,339,981</u>	<u>\$ 547,849</u>



**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 7 – PENSIONS PLAN (CONTINUED)**

The amount of \$506,821 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2018	\$ (182,296)
2019	(102,998)
2020	359,101
2021	211,504
	<u>\$ 285,311</u>

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

The total pension liabilities in the June 30, 2015 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% (1)
Mortality Rate Table	Derived using CalPERS' Membership Data for all Fund

(1) Net of pension plan investment, including inflation.

All other actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on the assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 7 – PENSIONS PLAN (CONTINUED)**

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11 + (2)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	100.0%		

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

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

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

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

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
City's proportionate share of the net pension liability	\$ 8,896,483	\$ 5,847,350	\$ 3,337,051

**Pension Plan Fiduciary Net Position**

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

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE 8 – POST-EMPLOYMENT BENEFITS***

**Plan Description**

The City provides other postemployment benefits (OPEB) through the Public Employees’ Medical and Hospital Care Act (PEMHCA), an agent multiple-employer defined benefit healthcare plan administered by the California Public Employees Retirement System (PERS). The plan provides lifetime healthcare insurance for eligible retirees and their spouses. Benefit provisions are established pursuant to memoranda of understanding between the City and its employer bargaining units and can be amended by renegotiating the MOUs. The plan does not issue a publicly available financial report.

The City chose to provide a minimum employer PEMHCA contribution of \$1 per month per retiree. This contribution is increased by 5.0% each year until, in the 20th year of the plan, the City contribution for retired employees is equal to that made for active employees. The current year contribution for retirees is \$42.70 and for active employees is \$122. Currently, the City has ten retirees but only five participating in the plan.

**Funding Policy**

The City pays for these benefits on a pay-as-you-go basis, as opposed to the pre-funded approach. The funding policy is established by the City’s management. The City assigned \$754,593 of fund balance for postemployment benefits.

GASB Statement No. 45 requires public entities to perform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statements of both the employer and trust set aside to pre-fund these benefits. The City has not set up a trust.

According to this Statement, an alternative measurement method that differs from a full actuarial valuation is permitted for employers with fewer than one hundred plan members.

Entities that qualify and use the alternative measurement method should perform new calculations at least every three (3) years and they should disclose that that method has been used to estimate amounts reported in the financial statements. The City of Walnut has less than one hundred plan members and has used the alternative measurement method.

The annual required contribution (ARC) represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

Annual required contribution (ARC)	\$ 280,059
Interest on OPEB obligation	21,483
Adjustment to ARC	-
Annual OPEB cost	<u>301,542</u>
Contributions	<u>2,682</u>
Increase (Decrease) in net OPEB obligation	298,860
NET OPEB obligation (asset) June 30, 2016	<u>537,079</u>
Net OPEB obligation (assets) June 30, 2017	<u><u>\$ 835,939</u></u>

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 – POST-EMPLOYEMENT BENEFITS (CONTINUED)**

**Annual OPEB Costs and Net OPEB Obligation (Asset)**

For the fiscal year 2016-2017, the City’s annual OPEB cost (expense) was \$301,542. Information for the current year and previous two years is present below:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2015	\$ 85,283	\$ 2,281	2.67%	\$ 436,377
6/30/2016	103,568	2,866	2.77%	537,079
6/30/2017	301,542	2,682	0.89%	835,939

**Funded Status and Funding Progress**

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 City 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 below represents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The funded status of the plan as of the most recent date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2017	\$ -	\$ 1,779,605	\$ 1,779,605	0.00%	\$ 3,102,220	57.37%

**Methods and Assumptions**

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

The projection of benefits used for financial reporting purposes is the entry age actuarial cost method. The assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% after 10 years. Both rates include a 5.0% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of the short-term volatility in the market value of investments over a three-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2017, was 29 years.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE 9 – RISK MANAGEMENT***

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

The City of Walnut is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 117 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 California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**b. Self-Insurance Programs of the Authority**

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, 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 2016-17, 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) \$2.5 million annual aggregate deductible in the \$3 million in excess of \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million in excess of \$5 million layer, however, it is fully covered under a separate policy and therefore not retained by the Authority.

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

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

***NOTE 9 – RISK MANAGEMENT (CONTINUED)***

**b. Self-Insurance Programs of the Authority (Continued)**

**Workers' Compensation**

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 layer 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 from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2016-17, 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, 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**

**Property Insurance**

The City of Walnut participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Walnut property is currently insured according to a schedule of covered property submitted by the City of Walnut to the Authority. City of Walnut property currently has all-risk property insurance protection in the amount of \$30,320,203. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

**Earthquake and Flood Insurance**

The City of Walnut 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 Walnut property currently has earthquake protection in the amount of \$0. There is a deductible of 5.0% 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 Walnut 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.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE 9 – RISK MANAGEMENT (CONTINUED)***

**c. Purchased Insurance (Continued)**

**Special Event Tenant User Liability Insurance**

The City of Walnut further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Walnut according to a schedule. The City of Walnut then pays for the insurance. The insurance is arranged by the Authority.

**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 also no significant reductions in pooled or insured liability coverage in 2016-17.

The CJPIA has published its own financial report for the year ended June 30, 2017, which can be obtained from California Joint Powers Insurance Authority, La Palma, California.

***NOTE 10 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY***

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Walnut that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 25, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE 10 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)***

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

**a. Cash and Investments**

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$	409,331
Cash with fiscal agent		16
	<u>\$</u>	<u>409,347</u>

**b. Long-term Debt**

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance July 1, 2016	Additions	Deletions	Ending Balance June 30, 2017	Due Within One Year
Fiduciary Activities:					
2013 Tax Allocation					
Refunding Bond	\$ 8,900,000	\$ -	\$ 3,300,000	\$ 5,600,000	\$ 3,435,000
SERAF Loan	1,757,926	-	68,553	1,689,373	-
Unamortized Bond					
Premiums/Discounts	480,125	-	160,042	320,083	-
Total	<u>\$ 11,138,051</u>	<u>\$ -</u>	<u>\$ 3,528,595</u>	<u>\$ 7,609,456</u>	<u>\$ 3,435,000</u>

A description of individual issues of bonds (excluding defeased bonds) of the Successor Agency of the former redevelopment agency outstanding as of June 30, 2017 follows:

On November 9, 1988, the City of Walnut and the Walnut Improvement Agency created the Walnut Public Financing Authority by a Joint Exercise of Power Agreement. Under the bond law, the Authority has the power to issue bonds and loan the proceeds to any local agency.



**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE 10 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)***

**b. Long-term Debt (Continued)**

**2013 Tax Allocation Refunding Bond**

On July 30, 2013, the Walnut Successor Agency issued the 2013 Tax Allocation Refunding Bond to refund and defease the \$26,645,000 outstanding 1999 Agency Tax Allocation Bond and 2002 Authority Bond. The issuance of the Bond and the Indenture was authorized by the Successor Agency pursuant to Resolution No. SA 13-17 adopted on April 10, 2013 and by the Oversight Board for the Successor Agency pursuant to Resolution No. OB 2013-03 adopted on April 24, 2013, based on the positive assessment of the refunding opportunity which is estimated to result in a significant savings to be shared among all taxing agencies. The written notice of the Oversight Board resolution was sent to the Department of Finance (DOF) for review and approval. The Department of Finance approved the issuance on June 7, 2013. As a result of the refunding, the Walnut Housing Authority transferred back the \$6,150,000 of unspent bond proceeds to the Successor Agency.

**Debt Service Requirements**

The following schedule illustrates the debt service requirements to maturity for bonds outstanding as of June 30:

Year Ending June 30,	2013 Tax Allocation Refunding Bonds	
	Principal	Interest
2018	\$ 3,435,000	\$ 245,650
2019	2,165,000	108,250
	<u>\$ 5,600,000</u>	<u>\$ 353,900</u>

**Pledged Revenue**

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$5,953,900 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the City as the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$3,772,951 and the debt service payments were \$3,677,650.

**CITY OF WALNUT, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE 10 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT  
AGENCY (CONTINUED)***

**c. Improvement Agency Contingency**

The Walnut Improvement Agency has had an annual limitation on its tax increment of \$4,000,000 in its redevelopment plan since 1981. The State Controller's Office's legal counsel has indicated that annual limitations in the plan are not allowed and computed the SERAF payment on the total increment rather than the \$4,000,000. The Agency paid the SERAF for 2009-10 and 2010-11 based on the \$4,000,000 but the State Department of Finance and the State Controller's Office are requesting that they pay the SERAF on the total increment. The Agency is working with its legislator to intervene on its behalf or sponsor special legislation to eliminate the SERAF difference.

**d. Insurance**

The Successor Agency is covered under the City of Walnut's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 9.

***NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS***

In the waste management administration fund, expenditures exceeded appropriations for transfers out in the amount of \$3,734. The State Park Grant had a deficit fund balance of \$10,516.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

CITY OF WALNUT, CALIFORNIA

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 15,447,849	\$ 15,447,849	\$ 16,879,059	\$ 1,431,210
<b>Resources (Inflows)</b>				
Taxes	9,390,000	9,390,000	9,274,951	(115,049)
Licenses and permits	1,588,250	1,588,250	1,829,914	241,664
Intergovernmental	23,170	23,170	26,157	2,987
Charges for services	1,599,500	1,599,500	1,297,286	(302,214)
Use of money and property	392,920	392,920	420,191	27,271
Fines and forfeitures	62,000	62,000	27,829	(34,171)
Miscellaneous	135,040	135,040	186,226	51,186
Transfers in	195,390	195,390	151,816	(43,574)
Amounts Available for Appropriations	28,834,119	28,834,119	30,093,429	1,259,310
<b>Charges to Appropriations (Outflows)</b>				
General government				
City council	113,020	121,518	112,925	8,593
City manager	198,060	201,065	200,905	160
Personnel	29,870	58,200	57,676	524
Risk management	274,570	301,270	300,265	1,005
City clerk	245,000	247,950	241,069	6,881
Elections	1,300	1,300	1,110	190
City treasurer	20,420	20,420	17,001	3,419
Finance	546,480	541,630	529,021	12,609
Computer services	-	627	(3,182)	3,809
City attorney	134,200	239,200	216,849	22,351
Administrative services	477,080	477,553	453,880	23,673
Community promotions	11,070	16,070	15,482	588
Family festival	58,060	58,060	49,851	8,209
Cable TV administration	5,600	3,800	2,241	1,559
Planning	562,150	589,082	541,502	47,580
Code enforcement	256,980	256,530	250,777	5,753
Building and safety	677,440	705,802	699,151	6,651
BSEP - Bus Stop Enhancement	-	23,930	10,364	13,566
Environmental services	488,320	589,738	446,908	142,830
Successor Agency Admin	250,000	250,000	197,256	52,744
Economic development	5,500	7,450	7,124	326
Engineering and Public Works admin	433,930	433,930	385,139	48,791
Storm Drain maintenance	25,000	50,000	48,201	1,799
Street R-O-W maintenance	427,060	409,320	387,429	21,891
LOSMD	113,630	119,630	117,025	2,605
Public safety administration	148,990	141,681	136,518	5,163
Business license enforcement	122,760	130,069	124,842	5,227
General law enforcement	3,213,260	3,213,260	3,184,851	28,409
Helicopter services	2,000	2,000	-	2,000
Crime prevention	153,070	153,070	136,510	16,560
Animal control	130,000	125,000	104,699	20,301
Emergency preparedness	27,730	33,930	29,159	4,771
Weed abatement	40,000	51,740	49,981	1,759
Volunteers on patrol	700	700	188	512
Recreation services	368,020	380,656	358,881	21,775
July 4 fireworks	64,800	64,800	55,063	9,737
Park maintenance	1,310,390	1,315,780	1,269,991	45,789
Equestrian trial maintenance	114,680	114,680	112,610	2,070
Building Maintenance	439,280	434,850	412,521	22,329
Special events	113,010	112,143	101,870	10,273
Aquatics	120,400	118,564	111,543	7,021
Excursions	78,930	79,355	78,203	1,152
Sports & Gymnasium	575,040	574,540	538,207	36,333
Leisure classes	106,390	105,790	105,702	88
Senior citizens center	397,160	393,790	383,457	10,333
Teen center	209,760	207,612	193,337	14,275
After school programs	22,200	20,593	19,635	958
Capital outlay	-	9,497	9,396	101
Transfers Out	-	-	389,721	(389,721)
Total Charges to Appropriations	13,113,310	13,508,175	13,192,854	315,321
Budgetary Fund Balance, June 30	\$ 15,720,809	\$ 15,325,944	\$ 16,900,575	\$ 1,574,631

**CITY OF WALNUT, CALIFORNIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY DEVELOPMENT BLOCK GRANT  
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	111,110	207,020	187,935	(19,085)
Amounts Available for Appropriations	111,110	207,020	187,935	(19,085)
<b>Charges to Appropriations (Outflows)</b>				
Community development	111,110	207,020	187,935	19,085
Total Charges to Appropriations	111,110	207,020	187,935	19,085
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

**CITY OF WALNUT, CALIFORNIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 LIGHTING AND OPEN SPACE MAINTENANCE DISTRICT  
 YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 836,621	\$ 812,872	\$ 865,560	\$ 52,688
<b>Resources (Inflows)</b>				
Assessments	2,139,080	2,139,080	2,265,340	126,260
Amounts Available for Appropriations	2,975,701	2,951,952	3,130,900	178,948
<b>Charges to Appropriations (Outflows)</b>				
Public works	2,615,170	2,591,091	2,490,174	100,917
Capital outlay	21,830	95,609	53,038	42,571
Total Charges to Appropriations	2,637,000	2,686,700	2,543,212	143,488
Budgetary Fund Balance, June 30	\$ 338,701	\$ 265,252	\$ 587,688	\$ 322,436

**CITY OF WALNUT, CALIFORNIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 LOW AND MODERATE INCOME HOUSING FUND  
 YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,941,706	\$ 1,941,706	\$ 1,941,706	\$ -
<b>Resources (Inflows)</b>				
Assessments	-	-	-	-
Amounts Available for Appropriations	1,941,706	1,941,706	1,941,706	-
Budgetary Fund Balance, June 30	\$ 1,941,706	\$ 1,941,706	\$ 1,941,706	\$ -

**CITY OF WALNUT, CALIFORNIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GAS TAX FUND  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 523,149	\$ 451,425	\$ 416,877	\$ (34,548)
<b>Resources (Inflows)</b>				
Intergovernmental	625,800	625,800	574,309	(51,491)
Use of money and property	500	500	3,885	3,385
Amounts Available for Appropriations	<u>1,149,449</u>	<u>1,077,725</u>	<u>995,071</u>	<u>(82,654)</u>
<b>Charges to Appropriates (Outflows)</b>				
Public works	1,106,490	1,106,490	830,253	276,237
Total Charges to Appropriations	<u>1,106,490</u>	<u>1,106,490</u>	<u>830,253</u>	<u>276,237</u>
Budgetary Fund Balance, End of Year	<u>\$ 42,959</u>	<u>\$ (28,765)</u>	<u>\$ 164,818</u>	<u>\$ 193,583</u>



**CITY OF WALNUT, CALIFORNIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
 COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 LAST TEN YEARS\*  
 JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Miscellaneous Plan</u></b>			
Proportion of the net pension liability	0.0676%	0.0651%	0.0685%
Proportionate share of the net pension liability	\$ 5,847,350	\$ 4,464,984	\$ 4,261,023
Covered Payroll	\$ 3,052,439	\$ 2,974,602	\$ 2,802,665
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	191.56%	150.10%	152.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.06%	79.89%	80.16%

**Notes to Schedule:**

\* Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation; therefore, only three years are shown.

**CITY OF WALNUT, CALIFORNIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
 COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN  
 SCHEDULE OF CONTRIBUTIONS  
 LAST TEN YEARS\*  
 JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Miscellaneous Plan</u></b>			
Actuarially Determined Contribution	\$ 515,915	\$ 464,293	339,472
Contribution in Relation to the Actuarially Determined Contribution	(515,915)	(464,293)	(339,472)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,934,611	\$ 3,052,439	\$ 2,974,602
Contributions as a Percentage of Covered Payroll	17.58%	15.21%	11.41%

\* Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation; therefore, only three years are shown.

**CITY OF WALNUT, CALIFORNIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 2017**

**Other Post-Employment Benefits**

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities or benefits. The plan was implemented in fiscal year 2008-2009 and an actuarial valuation was performed during the year. The City is required to have an actuarial valuation performed every three years.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2011	\$ -	\$ 401,901	\$ 401,901	0.00%	\$ 2,926,848	13.73%
7/1/2014	-	564,730	564,730	0.00%	2,572,098	20.52%
7/1/2017	-	1,779,605	1,779,605	0.00%	3,102,220	57.37%

**CITY OF WALNUT, CALIFORNIA**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

***NOTE 1 – 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.

In most cases, expenditures may not exceed appropriations at the department level. At fiscal year-end, all operating budget appropriations at the departmental level lapse and any remaining amounts are credited to their respective fund balances. During the year, several supplementary appropriations were necessary.

**Basis of Accounting:**

Budget for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

# **SUPPLEMENTAL SCHEDULE**

**CITY OF WALNUT, CALIFORNIA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE**

The **Traffic Safety Fund** accounts for the vehicle code fines expended for traffic safety enforcement.

The **Park Improvement Fund** accounts for fees charged to residential and commercial developers for park development purposes.

The **Citizen's Options for Public Safety (COPS) Fund** accounts for the distribution of funds to local agencies on a per capita basis for the purpose of first line law enforcement services. AB 3229 authorized this distribution in July, 1996.

The **Air Quality Improvements Fund** accounts for the City's portion of the imposition of an additional motor vehicle registration fee of two dollars to be sued to reduce air pollution from motor vehicles as approved by the State of California.

The **Waste Management Administration Fund** accounts for funds received as part of the resident's refuse bill to fund the City's source reduction and recycling programs.

The **Proposition C Fund** accounts for the City's portion of the additional ½ cents sales tax approved in Los Angeles County for public transit purposes.

The **Bikeway Fund** accounts for Senate Bill 821 monies from the State for the construction of bikeways, ramps and pedestrian facilities.

The **Proposition A Fund** accounts for the City's share of the ½ cent sales tax levied in Los Angeles County for local transit.

The **State Park Grant Fund** accounts for various grant monies restricted for park purposes.

The **Used Oil Recycling Grant Fund** accounts for monies received from the California Integrated Waste Management Board to be spent on used motor oil recycling and awareness programs.

The **General Recycling Grant Fund** accounts for monies received from the State Department of Conservation to be spent on recycling and waste reduction programs.

The **Cable TV Education Fund** accounts for franchise and other fees designated for Cable TV.

The **Walnut Housing Authority (WHA)** accounts for new and/or improvement of existing low and moderate housing stock for residents of the community.

The **Los Angeles County Metropolitan Transportation Authority (LACMTA)** accounts for the receipt of STP-L federal funds.

The **Proposition R Fund** accounts for the City's portion of the ½ cent sales tax approved during the November 2008 election in Los Angeles County for transportation projects.

**CITY OF WALNUT, CALIFORNIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	Special Revenue Funds			
	Traffic Safety	Park Improvement	COPS	Air Quality Improvements
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 1,179,227	\$ 174,032	\$ 36
Receivables:				
Accounts	1,950	-	-	-
Accrued interest	-	-	-	-
Deferred loans	-	-	-	-
Due from other governments	4,714	-	-	9,788
<b>Total Assets</b>	<b>\$ 6,664</b>	<b>\$ 1,179,227</b>	<b>\$ 174,032</b>	<b>\$ 9,824</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,875	\$ -	\$ 11,919	\$ 689
Accrued liabilities	1,351	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>4,226</b>	<b>-</b>	<b>11,919</b>	<b>689</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Notes and loans	-	-	-	-
<b>Restricted for:</b>				
Community development	-	-	-	9,135
Public safety	-	-	162,113	-
Community services	-	1,179,227	-	-
Public works	2,438	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>2,438</b>	<b>1,179,227</b>	<b>162,113</b>	<b>9,135</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund balances</b>	<b>\$ 6,664</b>	<b>\$ 1,179,227</b>	<b>\$ 174,032</b>	<b>\$ 9,824</b>

**CITY OF WALNUT, CALIFORNIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	Special Revenue Funds			
	Waste Management Administration	Proposition C	Bikeway	Proposition A
	Administration	C	Bikeway	A
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 1,211,177	\$ -	\$ 1,299,327
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Deferred loans	-	-	-	-
Due from other governments	-	-	38,910	-
Total Assets	<u>\$ -</u>	<u>\$ 1,211,177</u>	<u>\$ 38,910</u>	<u>\$ 1,299,327</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ 130,849	\$ -	\$ 31,856
Accrued liabilities	-	1,747	-	1,850
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	38,910	-
Total Liabilities	<u>-</u>	<u>132,596</u>	<u>38,910</u>	<u>33,706</u>
Fund Balances:				
Nonspendable:				
Notes and loans	-	-	-	-
Restricted for:				
Community development	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	1,078,581	-	1,265,621
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>1,078,581</u>	<u>-</u>	<u>1,265,621</u>
Total Liabilities, Deferred Inflows of Resources and Fund balances	<u>\$ -</u>	<u>\$ 1,211,177</u>	<u>\$ 38,910</u>	<u>\$ 1,299,327</u>



**CITY OF WALNUT, CALIFORNIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	Special Revenue Funds			
	State Park Grant	Used Oil Recycling Grant	General Recycling Grant	Cable TV Education
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 16,956	\$ 7,970	\$ 139,707
Receivables:				
Accounts	-	-	-	8,391
Accrued interest	-	-	-	-
Deferred loans	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 16,956</u>	<u>\$ 7,970</u>	<u>\$ 148,098</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 11	\$ 8,467	\$ 7,970	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	8,489	-	-
Due to other governments	-	-	-	-
Due to other funds	10,505	-	-	-
Total Liabilities	<u>10,516</u>	<u>16,956</u>	<u>7,970</u>	<u>-</u>
Fund Balances:				
Nonspendable:				
Notes and loans	-	-	-	-
Restricted for:				
Community development	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	148,098
Public works	-	-	-	-
Unassigned	(10,516)	-	-	-
Total Fund Balances	<u>(10,516)</u>	<u>-</u>	<u>-</u>	<u>148,098</u>
Total Liabilities, Deferred Inflows of Resources and Fund balances	<u>\$ -</u>	<u>\$ 16,956</u>	<u>\$ 7,970</u>	<u>\$ 148,098</u>

**CITY OF WALNUT, CALIFORNIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Walnut Housing Authority	LACMTA Exchange	Proposition R	
<b>Assets</b>				
Pooled cash and investments	\$ 1,418,252	\$ 524,414	\$ 1,106,084	\$ 7,077,182
Receivables:				
Accounts	-	-	-	10,341
Accrued interest	3,210	-	-	3,210
Deferred loans	90,649	-	-	90,649
Due from other governments	-	-	-	53,412
Total Assets	\$ 1,512,111	\$ 524,414	\$ 1,106,084	\$ 7,234,794
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 45,983	\$ -	\$ 45,000	\$ 285,619
Accrued liabilities	-	-	-	4,948
Unearned revenues	-	-	-	8,489
Due to other governments	17,771	-	-	17,771
Due to other funds	-	-	-	49,415
Total Liabilities	63,754	-	45,000	366,242
Fund Balances:				
Nonspendable:				
Notes and loans	90,649	-	-	90,649
Restricted for:				
Community development	1,357,708	524,414	-	1,891,257
Public safety	-	-	-	162,113
Community services	-	-	-	1,327,325
Public works	-	-	1,061,084	3,407,724
Unassigned	-	-	-	(10,516)
Total Fund Balances	1,448,357	524,414	1,061,084	6,868,552
Total Liabilities, Deferred Inflows of Resources and Fund balances	\$ 1,512,111	\$ 524,414	\$ 1,106,084	\$ 7,234,794

**CITY OF WALNUT, CALIFORNIA**

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds			
	Traffic Safety	Park Improvement	COPS	Air Quality Improvements
<b>Revenues</b>				
Assessments	\$ -	\$ 297,630	\$ -	\$ -
Intergovernmental	-	-	129,324	38,504
Use of money and property	-	-	1,699	(12)
Fines and forfeitures	103,802	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>103,802</u>	<u>297,630</u>	<u>131,023</u>	<u>38,492</u>
<b>Expenditures</b>				
Current:				
Public safety	47,429	-	80,387	-
Community development	-	-	-	58,953
Community services	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	17,253	-
Total Expenditures	<u>47,429</u>	<u>-</u>	<u>97,640</u>	<u>58,953</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>56,373</u>	<u>297,630</u>	<u>33,383</u>	<u>(20,461)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(62,112)	-	-	-
Total Other Financing Sources (Uses)	<u>(62,112)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(5,739)	297,630	33,383	(20,461)
Fund Balances, Beginning of Year	<u>8,177</u>	<u>881,597</u>	<u>128,730</u>	<u>29,596</u>
Fund Balances, End of Year	<u>\$ 2,438</u>	<u>\$ 1,179,227</u>	<u>\$ 162,113</u>	<u>\$ 9,135</u>

**CITY OF WALNUT, CALIFORNIA**

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds			
	Waste Management Administration	Proposition C	Bikeways	Proposition A
<b>Revenues</b>				
Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	459,583	38,910	552,110
Use of money and property	-	10,105	-	11,155
Fines and forfeitures	-	-	-	-
Miscellaneous	64,099	-	-	-
Total Revenues	<u>64,099</u>	<u>469,688</u>	<u>38,910</u>	<u>563,265</u>
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	246,157
Community services	-	-	38,910	-
Public works	-	282,024	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>282,024</u>	<u>38,910</u>	<u>246,157</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>64,099</u>	<u>187,664</u>	<u>-</u>	<u>317,108</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(89,704)	-	-	-
Total Other Financing Sources (Uses)	<u>(89,704)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(25,605)	187,664	-	317,108
Fund Balances, Beginning of Year	<u>25,605</u>	<u>890,917</u>	<u>-</u>	<u>948,513</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 1,078,581</u>	<u>\$ -</u>	<u>\$ 1,265,621</u>

**CITY OF WALNUT, CALIFORNIA**

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds			
	State Park Grant	Used Oil Recycling Grant	General Recycling Grant	Cable TV Education
<b>Revenues</b>				
Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,484	8,467	7,970	31,274
Use of money and property	-	-	-	1,191
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>2,484</u>	<u>8,467</u>	<u>7,970</u>	<u>32,465</u>
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Community development	-	8,467	-	-
Community services	13,000	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	7,970	3,550
Total Expenditures	<u>13,000</u>	<u>8,467</u>	<u>7,970</u>	<u>3,550</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,516)</u>	<u>-</u>	<u>-</u>	<u>28,915</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(10,516)	-	-	28,915
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,183</u>
Fund Balances, End of Year	<u>\$ (10,516)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,098</u>

**CITY OF WALNUT, CALIFORNIA**

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Walnut Housing Authority	LACMTA Exchange	Proposition R	
<b>Revenues</b>				
Assessments	\$ -	\$ -	\$ -	\$ 297,630
Intergovernmental	-	523,578	343,554	2,135,758
Use of money and property	8,895	-	9,163	42,196
Fines and forfeitures	-	-	-	103,802
Miscellaneous	-	-	-	64,099
Total Revenues	8,895	523,578	352,717	2,643,485
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	127,816
Community development	516,513	-	-	830,090
Community services	-	-	-	51,910
Public works	-	-	45,000	327,024
Capital outlay	-	-	-	28,773
Total Expenditures	516,513	-	45,000	1,365,613
Excess (Deficiency) of Revenues Over (Under) Expenditures	(507,618)	523,578	307,717	1,277,872
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	-	(151,816)
Total Other Financing Sources (Uses)	-	-	-	(151,816)
Net Change in Fund Balances	(507,618)	523,578	307,717	1,126,056
Fund Balances, Beginning of Year	1,955,975	836	753,367	5,742,496
Fund Balances, End of Year	\$ 1,448,357	\$ 524,414	\$ 1,061,084	\$ 6,868,552

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC SAFETY  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ (5,603)	\$ 8,177	\$ 13,780
<b>Resources (Inflows)</b>				
Fines and forfeitures	165,000	165,000	103,802	(61,198)
Amounts Available for Appropriations	<u>165,000</u>	<u>159,397</u>	<u>111,979</u>	<u>(47,418)</u>
<b>Charges to Appropriates (Outflows)</b>				
Public safety	55,580	55,580	47,429	8,151
Transfer out	-	109,420	62,112	47,308
Total Charges to Appropriations	<u>55,580</u>	<u>165,000</u>	<u>109,541</u>	<u>55,459</u>
Budgetary Fund Balance, End of Year	<u>\$ 109,420</u>	<u>\$ (5,603)</u>	<u>\$ 2,438</u>	<u>\$ 8,041</u>

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
 PARK IMPROVEMENT FUND  
 YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 5,143	\$ (116,857)	\$ 881,597	\$ 998,454
<b>Resources (Inflows)</b>				
Assessment	-	-	297,630	297,630
Amounts Available for Appropriations	<u>5,143</u>	<u>(116,857)</u>	<u>1,179,227</u>	<u>1,296,084</u>
Budgetary Fund Balance, End of Year	<u>\$ 5,143</u>	<u>\$ (116,857)</u>	<u>\$ 1,179,227</u>	<u>\$ 1,296,084</u>



**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
COPS  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 73,668	\$ 73,668	\$ 128,730	\$ 55,062
<b>Resources (Inflows)</b>				
Intergovernmental	100,000	100,000	129,324	29,324
Use of money and property	250	250	1,699	1,449
Amounts Available for Appropriations	<u>173,918</u>	<u>173,918</u>	<u>259,753</u>	<u>85,835</u>
<b>Charges to Appropriates (Outflows)</b>				
Public safety	72,799	80,586	80,387	199
Capital outlay	-	19,033	17,253	1,780
Total Charges to Appropriations	<u>72,799</u>	<u>99,619</u>	<u>97,640</u>	<u>1,979</u>
Budgetary Fund Balance, End of Year	<u>\$ 101,119</u>	<u>\$ 74,299</u>	<u>\$ 162,113</u>	<u>\$ 87,814</u>

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
AIR QUALITY IMPROVEMENTS  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 37,580	\$ 27,580	\$ 29,596	\$ 2,016
<b>Resources (Inflows)</b>				
Intergovernmental	36,900	36,900	38,504	1,604
Use of money and property	500	500	(12)	(512)
Amounts Available for Appropriations	<u>74,980</u>	<u>64,980</u>	<u>68,088</u>	<u>3,108</u>
<b>Charges to Appropriates (Outflows)</b>				
Community development	59,860	59,860	58,953	907
Total Charges to Appropriations	<u>59,860</u>	<u>59,860</u>	<u>58,953</u>	<u>907</u>
Fund Balance, End of Year	<u>\$ 15,120</u>	<u>\$ 5,120</u>	<u>\$ 9,135</u>	<u>\$ 4,015</u>

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
WASTE MANAGEMENT ADMINISTRATION  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 25,605	\$ 25,605
<b>Resources (Inflows)</b>				
Miscellaneous	85,970	85,970	64,099	(21,871)
Amounts Available for Appropriations	<u>85,970</u>	<u>85,970</u>	<u>89,704</u>	<u>3,734</u>
<b>Charges to Appropriates (Outflows)</b>				
Transfer out	-	85,970	89,704	(3,734)
Total Charges to Appropriations	<u>-</u>	<u>85,970</u>	<u>89,704</u>	<u>(3,734)</u>
Fund Balance, End of Year	<u>\$ 85,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
PROPOSITION C  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,299,225	\$ 788,805	\$ 890,917	\$ 102,112
<b>Resources (Inflows)</b>				
Intergovernmental	459,840	459,840	459,583	(257)
Use of money and property	5,000	5,000	10,105	5,105
Amounts Available for Appropriations	<u>1,764,065</u>	<u>1,253,645</u>	<u>1,360,605</u>	<u>106,960</u>
<b>Charges to Appropriates (Outflows)</b>				
Public works	825,260	288,060	282,024	6,036
Total Charges to Appropriations	<u>825,260</u>	<u>288,060</u>	<u>282,024</u>	<u>6,036</u>
Fund Balance, End of Year	<u>\$ 938,805</u>	<u>\$ 965,585</u>	<u>\$ 1,078,581</u>	<u>\$ 112,996</u>

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
BIKEWAY  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 19,200	\$ 19,200	\$ -	\$ (19,200)
<b>Resources (Inflows)</b>				
Intergovernmental	38,910	38,910	38,910	-
Amounts Available for Appropriations	58,110	58,110	38,910	(19,200)
<b>Charges to Appropriates (Outflows)</b>				
Community services	38,910	38,910	38,910	-
Total Charges to Appropriations	38,910	38,910	38,910	-
Fund Balance, End of Year	\$ 19,200	\$ 19,200	\$ -	\$ (19,200)

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
PROPOSITION A  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 905,163	\$ 902,458	\$ 948,513	\$ 46,055
<b>Resources (Inflows)</b>				
Intergovernmental	554,380	554,380	552,110	(2,270)
Use of money and property	500	500	11,155	10,655
Amounts Available for Appropriations	<u>1,460,043</u>	<u>1,457,338</u>	<u>1,511,778</u>	<u>54,440</u>
<b>Charges to Appropriates (Outflows)</b>				
Community development	324,640	324,640	246,157	78,483
Total Charges to Appropriations	<u>324,640</u>	<u>324,640</u>	<u>246,157</u>	<u>78,483</u>
Fund Balance, End of Year	<u>\$ 1,135,403</u>	<u>\$ 1,132,698</u>	<u>\$ 1,265,621</u>	<u>\$ 132,923</u>

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
STATE PARK GRANT  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (13,348)	\$ (13,348)	\$ -	\$ 13,348
<b>Resources (Inflows)</b>				
Intergovernmental	13,000	13,000	2,484	(10,516)
Amounts Available for Appropriations	<u>(348)</u>	<u>(348)</u>	<u>2,484</u>	<u>2,832</u>
<b>Charges to Appropriates (Outflows)</b>				
Community services	13,000	13,000	13,000	-
Total Charges to Appropriations	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (13,348)</u>	<u>\$ (13,348)</u>	<u>\$ (10,516)</u>	<u>\$ 2,832</u>

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
USED OIL RECYCLING GRANT  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	8,500	8,500	8,467	(33)
Amounts Available for Appropriations	8,500	8,500	8,467	(33)
<b>Charges to Appropriates (Outflows)</b>				
Community development	8,500	8,500	8,467	33
Total Charges to Appropriations	8,500	8,500	8,467	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -



**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL RECYCLING GRANT  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ (184)	\$ -	\$ 184
<b>Resources (Inflows)</b>				
Intergovernmental	-	7,970	7,970	-
Amounts Available for Appropriations	-	7,786	7,970	184
<b>Charges to Appropriates (Outflows)</b>				
Capital outlay	-	7,970	7,970	-
Total Charges to Appropriations	-	7,970	7,970	-
Fund Balance, End of Year	\$ -	\$ (184)	\$ -	\$ 184

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
CABLE TV EDUCATION  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 115,987	\$ 115,987	\$ 119,183	\$ 3,196
<b>Resources (Inflows)</b>				
Intergovernmental	27,000	27,000	31,274	4,274
Use of money and property	500	500	1,191	691
Amounts Available for Appropriations	<u>143,487</u>	<u>143,487</u>	<u>151,648</u>	<u>8,161</u>
<b>Charges to Appropriates (Outflows)</b>				
Capital outlay	30,000	30,000	3,550	26,450
Total Charges to Appropriations	<u>30,000</u>	<u>30,000</u>	<u>3,550</u>	<u>26,450</u>
Fund Balance, End of Year	<u>\$ 113,487</u>	<u>\$ 113,487</u>	<u>\$ 148,098</u>	<u>\$ 34,611</u>

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
WALNUT HOUSING AUTHORITY  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,937,707	\$ 1,528,541	\$ 1,955,975	\$ 427,434
<b>Resources (Inflows)</b>				
Charges for services	540,202	540,202	-	(540,202)
Use of money and property	-	-	8,895	8,895
Amounts Available for Appropriations	<u>2,477,909</u>	<u>2,068,743</u>	<u>1,964,870</u>	<u>(103,873)</u>
<b>Charges to Appropriates (Outflows)</b>				
Community development	540,202	540,202	516,513	23,689
Total Charges to Appropriations	<u>540,202</u>	<u>540,202</u>	<u>516,513</u>	<u>23,689</u>
Fund Balance, End of Year	<u>\$ 1,937,707</u>	<u>\$ 1,528,541</u>	<u>\$ 1,448,357</u>	<u>\$ (80,184)</u>

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
LACMTA EXCHANGE  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 836	\$ 836
<b>Resources (Inflows)</b>				
Intergovernmental	-	-	523,578	523,578
Amounts Available for Appropriations	-	-	524,414	524,414
Fund Balance, End of Year	\$ -	\$ -	\$ 524,414	\$ 524,414

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
PROPOSITION R  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 749,609	\$ 749,609	\$ 753,367	\$ 3,758
<b>Resources (Inflows)</b>				
Intergovernmental	344,860	344,860	343,554	(1,306)
Use of money and property	2,500	2,500	9,163	6,663
Amounts Available for Appropriations	<u>1,096,969</u>	<u>1,096,969</u>	<u>1,106,084</u>	<u>9,115</u>
<b>Charges to Appropriates (Outflows)</b>				
Public works	625,000	45,000	45,000	-
Total Charges to Appropriations	<u>625,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 471,969</u>	<u>\$ 1,051,969</u>	<u>\$ 1,061,084</u>	<u>\$ 9,115</u>

**CITY OF WALNUT, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENTS  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,088,292	\$ 1,542,367	\$ 2,065,878	\$ 523,511
<b>Resources (Inflows)</b>				
Miscellaneous	-	-	300	300
Transfers in	-	-	389,721	389,721
Amounts Available for Appropriations	<u>4,088,292</u>	<u>1,542,367</u>	<u>2,455,899</u>	<u>913,532</u>
<b>Charges to Appropriates (Outflows)</b>				
Community development	325,194	6,500	4,604	1,896
Community services	-	216,484	208,100	8,384
Public works	1,111,090	3,513,680	690,315	2,823,365
Capital outlay	145,000	145,000	96,620	48,380
Total Charges to Appropriations	<u>1,581,284</u>	<u>3,881,664</u>	<u>999,639</u>	<u>2,882,025</u>
Fund Balance, End of Year	<u>\$ 2,507,008</u>	<u>\$ (2,339,297)</u>	<u>\$ 1,456,260</u>	<u>\$ 3,795,557</u>

**CITY OF WALNUT**

**AGENCY FUNDS**

**June 30, 2017**

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

The **Agency Funds** accounts for various refundable deposits.

**CITY OF WALNUT, CALIFORNIA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>Assets</b>				
Pooled cash and investments	\$ 1,470,822	\$ 240,159	\$ 116,742	\$ 1,594,239
Receivables:				
Accounts	404	5,300	5,704	-
Total Assets	<u>\$ 1,471,226</u>	<u>\$ 245,459</u>	<u>\$ 122,446</u>	<u>\$ 1,594,239</u>
<b>Liabilities</b>				
Accounts payable	\$ 12,579	\$ 114,878	\$ 112,780	\$ 14,677
Deposits payable	1,458,647	243,142	122,227	1,579,562
Total Liabilities	<u>\$ 1,471,226</u>	<u>\$ 358,020</u>	<u>\$ 235,007</u>	<u>\$ 1,594,239</u>



# **STATISTICAL SECTION**

**CITY OF WALNUT**

**STATISTICAL SECTION**

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**CITY OF WALNUT**  
**Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

Fiscal Year	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Governmental Activities:</b>				
Net investment in capital assets	36,798,039	38,410,650	42,601,776	48,251,887
Restricted	26,653,736	20,089,665	15,843,757	13,095,293
Unrestricted	18,838,004	26,378,106	27,948,295	24,845,765
Total governmental activities net position	<u>82,289,779</u>	<u>84,878,421</u>	<u>86,393,828</u>	<u>86,192,945</u>
 <b>Primary government:</b>				
Net investment in capital assets	36,798,039	38,410,650	42,601,776	48,251,887
Restricted	26,653,736	20,089,665	15,843,757	13,095,293
Unrestricted	18,838,004	26,378,106	27,948,295	24,845,765
Total primary government net position	<u>82,289,779</u>	<u>84,878,421</u>	<u>86,393,828</u>	<u>86,192,945</u>

Note:

In fiscal year 2011-12, Per State of California AB 1X26 all redevelopment agency in California was dissolved effective February 1, 2012. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City of Walnut as the Successor Agency for the Walnut Improvement Agency.

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
78,094,495	75,278,786	73,612,972	73,439,900	72,963,855	71,066,062
14,388,254	13,450,385	8,289,678	8,212,469	7,115,326	10,917,855
21,046,710	22,305,101	21,025,425	14,584,364	15,184,940	10,661,289
<b>113,529,459</b>	<b>111,034,272</b>	<b>102,928,075</b>	<b>96,236,733</b>	<b>95,264,121</b>	<b>92,645,206</b>

78,094,495	75,278,786	73,612,972	73,439,900	72,963,855	71,066,062
14,388,254	13,450,385	8,289,678	8,212,469	7,115,326	10,917,855
21,046,710	22,305,101	21,025,425	14,584,364	15,184,940	10,661,289
<b>113,529,459</b>	<b>111,034,272</b>	<b>102,928,075</b>	<b>96,236,733</b>	<b>95,264,121</b>	<b>92,645,206</b>

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

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses:					
Governmental activities:					
General government	2,769,726	3,226,303	4,772,852	3,345,592	3,850,781
Public safety	3,329,302	3,340,472	3,521,482	3,592,626	3,465,289
Community development	1,202,761	2,178,134	2,281,597	2,549,053	1,879,309
Public works	7,445,082	7,371,765	5,721,516	6,652,419	6,574,810
Community services	3,483,986	3,772,843	3,638,317	3,540,411	3,539,714
Interest on long-term debt	1,842,909	1,753,614	1,658,288	1,557,845	255,031
Total governmental activities	<u>20,073,766</u>	<u>21,643,131</u>	<u>21,594,052</u>	<u>21,237,946</u>	<u>19,564,934</u>
 Total expenses	 <u>20,073,766</u>	 <u>21,643,131</u>	 <u>21,594,052</u>	 <u>21,237,946</u>	 <u>19,564,934</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	436,607	252,838	435,446	355,674	343,681
Public safety	659,740	476,624	767,047	666,807	550,996
Community development	691	2,351,423	1,412	1,832	101,770
Public works	3,251,964	2,748,454	3,550,745	4,045,899	3,348,448
Community services	641,497	665,589	693,213	737,898	782,859
Operating contributions and grants	1,651,646	1,581,554	1,294,198	1,508,654	1,338,736
Capital contributions and grants	1,396,095	2,816,128	2,116,179	1,269,905	1,383,509
Total governmental activities	<u>8,038,240</u>	<u>10,892,610</u>	<u>8,858,240</u>	<u>8,586,669</u>	<u>7,849,999</u>
Total program revenues	<u>8,038,240</u>	<u>10,892,610</u>	<u>8,858,240</u>	<u>8,586,669</u>	<u>7,849,999</u>
Net (expenses) revenues					
Governmental Activities	(12,035,526)	(10,750,521)	(12,735,812)	(12,651,277)	(11,714,935)
Total Net Expense	<u>(12,035,526)</u>	<u>(10,750,521)</u>	<u>(12,735,812)</u>	<u>(12,651,277)</u>	<u>(11,714,935)</u>

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
2,408,514	2,555,368	2,618,229	2,559,043	3,086,260
3,613,692	3,619,393	3,581,460	3,772,824	3,900,642
1,936,171	8,238,967	2,192,492	2,248,657	2,879,006
7,910,304	7,909,282	6,929,084	5,778,712	7,219,860
3,527,499	3,623,037	3,711,593	5,441,949	4,069,437
-	-	-	-	-
<u>19,396,180</u>	<u>25,946,047</u>	<u>19,032,858</u>	<u>19,801,185</u>	<u>21,155,205</u>
<u>19,396,180</u>	<u>25,946,047</u>	<u>19,032,858</u>	<u>19,801,185</u>	<u>21,155,205</u>
688,295	580,639	595,221	539,554	563,889
645,562	726,423	330,047	380,909	233,541
351,829	1,934	1,541	2,868	1,942
3,302,673	3,375,124	3,186,757	3,759,518	4,304,184
770,891	929,590	583,746	840,018	664,425
1,339,739	1,491,009	1,292,365	956,559	985,419
1,207,294	1,337,784	1,797,984	1,334,924	1,878,825
<u>8,306,283</u>	<u>8,442,503</u>	<u>7,787,661</u>	<u>7,814,350</u>	<u>8,632,225</u>
<u>8,306,283</u>	<u>8,442,503</u>	<u>7,787,661</u>	<u>7,814,350</u>	<u>8,632,225</u>
(11,089,897)	(17,503,544)	(11,245,197)	(11,986,835)	(12,522,980)
<u>(11,089,897)</u>	<u>(17,503,544)</u>	<u>(11,245,197)</u>	<u>(11,986,835)</u>	<u>(12,522,980)</u>

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

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues:					
Governmental activities:					
Taxes					
Property taxes	9,037,419	9,206,489	9,027,185	9,108,449	9,347,081
Sales tax	1,381,501	1,211,247	1,176,710	1,410,358	1,322,741
Franchise tax	805,605	895,972	844,511	850,101	872,593
Business license tax	113,472	103,799	103,168	101,437	102,540
Other taxes	270,597	301,285	299,952	304,384	285,819
Motor vehicle in lieu, unrestricted	148,638	99,881	106,989	184,471	25,938
Use of money and property	2,207,738	1,429,481	741,999	477,150	496,394
Other general revenues	12,833	91,009	546,539	14,044	78,242
Transfers	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	26,520,101
Total general revenues, transfers, & special item	<u>13,977,803</u>	<u>13,339,163</u>	<u>12,847,053</u>	<u>12,450,394</u>	<u>39,051,449</u>
Total primary government	<u>13,977,803</u>	<u>13,339,163</u>	<u>12,847,053</u>	<u>12,450,394</u>	<u>39,051,449</u>
Change in net position					
Governmental activities	<u>1,942,277</u>	<u>2,588,642</u>	<u>111,241</u>	<u>(200,883)</u>	<u>27,336,514</u>
Total Change in net position	<u>1,942,277</u>	<u>2,588,642</u>	<u>111,241</u>	<u>(200,883)</u>	<u>27,336,514</u>

Note:

In fiscal year 2011-12, the extraordinary gain/(loss) is mainly due to the transfer of assets and obligations of the former Walnut Improvement Agency that was dissolved on 02/01/2012 per AB1X26 of the State of California dissolution of all redevelopment agency. The City of Walnut elected to become the Successor Agency for the dissolved Walnut Improvement Agency.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
5,641,664	5,995,275	6,238,354	6,408,855	5,700,002
1,413,944	1,345,722	1,573,976	1,890,516	1,962,759
902,198	950,452	963,244	936,650	897,264
105,198	104,661	99,520	109,615	126,642
316,607	325,627	330,536	359,008	386,766
24,158	24,386	24,009	22,377	23,307
158,230	582,911	468,085	447,621	468,435
32,711	68,313	18,248	839,581	338,890
-	-	-	-	-
-	-	-	-	-
<u>8,594,710</u>	<u>9,397,347</u>	<u>9,715,972</u>	<u>11,014,223</u>	<u>9,904,065</u>
8,594,710	9,397,347	9,715,972	11,014,223	9,904,065
<u>(2,495,187)</u>	<u>(8,106,197)</u>	<u>(1,529,225)</u>	<u>(972,612)</u>	<u>(2,618,915)</u>
<u>(2,495,187)</u>	<u>(8,106,197)</u>	<u>(1,529,225)</u>	<u>(972,612)</u>	<u>(2,618,915)</u>



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

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund:					
Reserved	328,238	524,422	-	-	-
Unreserved	19,240,088	21,171,230	-	-	-
Nonspendable:					
Prepaid costs	-	-	363,158	343,093	348,764
Notes and loans	-	-	-	-	-
Advances to other Funds	-	-	114,690	121,470	121,470
Long term receivable	-	-	-	95,948	95,948
Committed to:					
Disaster recovery	-	-	1,000,000	1,000,000	1,000,000
Self-insurance	-	-	1,000,000	1,000,000	400,000
Facility maintenance	-	-	4,226,617	3,916,439	3,457,687
Assigned to:					
Three Oaks Recreation Facility	-	-	2,350,000	2,350,000	2,450,000
Maintenance and operations	-	-	11,398,050	5,400,817	5,489,465
Other post-employment benefits	-	-	775,000	774,840	763,637
Self Insurance	-	-	-	-	-
Unassigned	-	-	724,857	-	89,005
<b>Total General Fund</b>	<u>19,568,326</u>	<u>21,695,652</u>	<u>21,952,372</u>	<u>15,002,607</u>	<u>14,215,976</u>
All other governmental funds:					
Reserved	8,622,231	8,529,296	-	-	-
Unreserved, reported in:					
Special Revenue Funds	6,756,155	5,419,127	-	-	-
Debt Service Fund	2,056,878	2,148,160	-	-	-
Capital Project Funds	9,335,739	8,707,745	-	-	-
Nonspendable:					
Prepaid costs	-	-	1,537	-	-
Notes and loans	-	-	220,188	165,972	2,121,598
Advances to other Funds	-	-	1,622,009	1,955,626	-
Restricted for:					
Community development	-	-	13,302,416	10,495,156	9,910,551
Public safety	-	-	37,815	50,922	103,733
Community services	-	-	95,835	127,786	106,197
Public works	-	-	1,447,121	2,078,885	2,146,175
Capital projects	-	-	359,673	-	-
Debt service	-	-	600,897	342,544	-
Committed to:					
Capital projects	-	-	4,199,124	7,651,616	7,072,472
Assigned to:					
Capital Projects	-	-	-	-	-
Unassigned	-	-	(77,080)	(172,254)	(190,021)
<b>Total all other governmental funds</b>	<u>26,771,003</u>	<u>24,804,328</u>	<u>21,809,535</u>	<u>22,696,253</u>	<u>21,270,705</u>

Note:

In fiscal year 2011-12, Upon dissolution of the redevelopment agency on 02/01/12. The non-spendable Advances to other funds and the restricted for debt service fund balances were transferred to the Successor Agency private-purpose trust fund in the City's financial statement.

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
-	-	-	-	-
-	-	-	-	-
363,096	388,722	33,268	626,512	303,719
-	-	-	-	-
146,470	250,870	250,870	250,870	250,870
95,948	-	-	-	-
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
1,000,000	1,000,000	1,000,000	-	1,000,000
2,922,039	2,805,957	2,764,643	-	-
2,800,000	2,800,000	2,799,845	2,766,250	2,666,801
5,682,585	6,047,785	6,311,725	8,467,719	8,149,560
763,331	762,422	760,142	757,275	754,593
-	-	-	1,000,000	-
670,835	1,247,058	1,179,125	2,010,433	2,775,032
<b>15,444,304</b>	<b>16,302,814</b>	<b>16,099,618</b>	<b>16,879,059</b>	<b>16,900,575</b>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	2,738	-
2,111,948	1,940,827	1,935,130	1,848,575	90,649
-	-	-	-	-
9,054,401	2,992,384	2,958,326	2,079,538	3,832,963
95,674	71,092	78,868	134,169	162,113
130,906	155,615	140,630	1,026,385	1,327,325
2,640,498	3,129,760	3,099,515	3,875,234	4,160,230
-	-	-	-	-
-	-	-	-	-
6,630,620	5,180,132	4,088,292	-	-
-	-	-	2,065,878	1,456,260
-	-	(13,348)	-	(10,516)
<b>20,664,047</b>	<b>13,469,810</b>	<b>12,287,413</b>	<b>11,032,517</b>	<b>11,019,024</b>

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

Fiscal Year	2008	2009	2010	2011	2012
<b>Revenues:</b>					
Taxes	12,115,450	11,737,578	11,407,058	11,630,777	11,948,178
Assessments	1,725,028	1,729,903	1,741,026	1,734,099	2,395,879
Licenses and permits	1,227,528	748,964	1,574,924	2,145,139	763,812
Intergovernmental	2,948,869	4,536,819	3,428,712	2,828,261	2,722,436
Charges for services	964,889	980,571	1,055,010	1,022,936	1,094,615
Use of money and property	2,207,738	1,429,481	741,999	477,150	496,394
Developer participation	-	2,350,000	-	-	-
Fines and forfeitures	639,872	422,324	633,644	546,526	412,855
Miscellaneous	371,726	312,789	957,482	340,414	596,470
Total Revenues	<u>22,201,100</u>	<u>24,248,429</u>	<u>21,539,855</u>	<u>20,725,302</u>	<u>20,430,639</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	2,532,964	2,928,689	4,497,970	3,100,614	3,630,711
Public safety	3,318,783	3,331,531	3,510,790	3,582,217	3,436,171
Community development	2,186,114	2,178,134	2,281,597	2,489,606	1,879,309
Community services	3,067,167	3,327,550	3,206,592	3,115,808	3,105,704
Public works	5,333,110	4,838,161	3,363,288	3,774,075	3,737,040
Capital outlay	932,242	4,015,830	3,947,995	7,273,355	1,935,343
<b>Debt service:</b>					
Principal	1,790,000	1,810,000	1,835,000	1,865,000	1,935,000
Interest <sup>1</sup> and fiscal charges	1,856,295	1,767,554	1,634,696	1,587,674	776,240
Refunding bond issuance costs	-	-	-	-	-
Total Expenditures	<u>21,016,675</u>	<u>24,197,449</u>	<u>24,277,928</u>	<u>26,788,349</u>	<u>20,435,518</u>
Excess (deficiency) of Revenues over Expenditures	<u>1,184,425</u>	<u>50,980</u>	<u>(2,738,073)</u>	<u>(6,063,047)</u>	<u>(4,879)</u>
<b>Other financing sources (uses):</b>					
Transfer in	2,291,082	1,353,392	2,217,414	8,711,865	6,754,359
Transfer out	(2,291,082)	(1,353,392)	(2,217,414)	(8,711,865)	(6,754,359)
Long-term debt	176,531	109,671	-	-	-
Refunding bonds issued	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Contribution to Successor Agency	-	-	-	-	-
Total other financing sources (uses)	<u>176,531</u>	<u>109,671</u>	<u>-</u>	<u>-</u>	<u>-</u>
Extraordinary gain/(loss) on dissolution of improvement agency <sup>2</sup>	-	-	-	-	(2,207,300)
Net change in fund balances	<u>1,360,956</u>	<u>160,651</u>	<u>(2,738,073)</u>	<u>(6,063,047)</u>	<u>(2,212,179)</u>
Debt service as a percentage of noncapital expenditures	19.09%	17.44%	17.01%	17.14%	14.28%

Note:

<sup>1</sup> In fiscal year 2011-12, this is the Interest payment made on the final seven months of redevelopment activities before the transfer of obligation to the Successor Agency.

<sup>2</sup> In fiscal year 2011-12, this is the extraordinary gain/(loss), is mainly due to the transfer of assets and obligations of the former Walnut Improvement Agency that was dissolved on 02/01/2012 per AB1X26 of the State of California dissolution of all redevelopment agency. The City of Walnut elected to become the Successor Agency for the dissolved Walnut Improvement Agency.

2013	2014	2015	2016	2017
8,401,800	8,774,933	9,093,952	9,614,804	9,274,951
2,528,470	2,279,176	2,159,654	3,107,981	2,562,970
551,181	754,435	785,402	961,563	1,829,914
2,818,365	2,910,075	3,127,876	2,368,358	2,924,159
1,374,600	1,602,320	1,174,295	1,839,232	1,297,286
158,230	582,911	468,085	446,575	466,272
-	-	-	-	-
513,458	555,806	205,560	277,011	131,631
796,899	433,390	363,783	372,189	250,625
<u>17,143,003</u>	<u>17,893,046</u>	<u>17,378,607</u>	<u>18,987,713</u>	<u>18,737,808</u>
2,176,693	2,371,357	2,382,053	2,536,035	2,392,349
3,552,795	3,573,524	3,570,802	3,765,218	3,894,564
1,874,757	2,030,856	2,135,562	2,248,657	2,879,006
3,122,136	3,214,069	3,302,231	5,006,833	3,586,537
5,099,226	4,732,064	4,709,398	5,385,612	5,789,502
695,726	2,156,903	2,664,154	520,813	187,827
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>16,521,333</u>	<u>18,078,773</u>	<u>18,764,200</u>	<u>19,463,168</u>	<u>18,729,785</u>
621,670	(185,727)	(1,385,593)	(475,455)	8,023
291,609	2,614,325	896,984	209,969	541,537
(291,609)	(2,614,325)	(896,984)	(209,969)	(541,537)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(6,150,000)	-	-	-
-	(6,150,000)	-	-	-
-	-	-	-	-
621,670	(6,335,727)	(1,385,593)	(475,455)	8,023
0.00%	0.00%	0.00%	0.00%	0.00%

**CITY OF WALNUT**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Residential	3,227,492	3,391,832	3,406,167	3,477,315	3,593,986
Commercial	145,469	151,021	156,814	161,741	164,172
Industrial	90,332	94,007	-	95,932	96,149
Government Owned	-	-	-	-	-
Institutional	7,809	7,965	10,708	10,682	15,638
Miscellaneous	379	386	394	393	396
Recreational	-	-	-	-	-
Vacant	13,645	16,254	17,812	17,762	72,477
SBE Nonunitary	101	101	168	168	168
Cross Reference	434	420	243	147	181
Unsecured	37,943	41,880	39,920	37,997	35,539
Exempt	[15,869]	[18,889]	[17,729]	[8,728]	[8,728]
Grand Total	<u>3,523,604</u>	<u>3,703,866</u>	<u>3,632,226</u>	<u>3,802,137</u>	<u>3,978,706</u>
Total Direct Rate	0.67793%	0.66247%	0.65709%	0.65386%	0.63601%

Note:

- 1 Exempt values are not included in Total.
- 2 Includes City and Successor Agency Project Area
- 3 In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: HdL, Coren & Cone, L.A. County Assessor 2007/08-2016/17 Combined Tax Rolls

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
3,754,176	3,990,406	4,201,218	4,419,416	4,583,083
163,934	168,050	170,585	175,748	181,003
97,942	100,711	106,086	109,988	112,303
-	-	-	-	-
11,375	15,777	12,184	11,916	11,319
710	415	257	262	266
-	-	-	-	-
57,513	53,830	62,733	69,406	98,475
168	168	168	168	168
628	492	421	237	218
37,569	41,643	36,556	35,976	36,800
[8,728]	[8,728]	[8,728]	[8,596]	[8,596]
<b>4,124,015</b>	<b>4,371,492</b>	<b>4,590,208</b>	<b>4,823,117</b>	<b>5,023,635</b>
0.62656%	0.07616%	0.07479%	0.07362%	0.07264%

**CITY OF WALNUT**  
**Special Benefit Assessment Billings and Collections**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessment Billings	1,723,710	1,723,680	1,723,680	1,723,680	2,392,180
Assessment Collected	1,725,027	1,729,902	1,741,027	1,734,099	2,395,879
Percentage Collected	100.1%	100.4%	101.0%	100.6%	100.2%

Source: City Finance Department

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
2,522,580	2,274,560	2,138,800	2,138,800	2,139,080
2,538,270	2,279,177	2,159,654	2,109,527	2,265,338
100.6%	100.2%	101.0%	98.6%	105.9%



**CITY OF WALNUT**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

Fiscal Years	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City Direct Rates:					
General Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:					
Metropolitan Water District	0.00450	0.00430	0.00430	0.00370	0.00370
Mt. San Antonio Community College	0.01750	0.02333	0.02571	0.02636	0.02642
Covina Valley Unified School District	0.07870	0.07863	0.08592	0.09003	0.08999
Pomona Valley Unified School District	0.11379	0.11577	0.14546	0.17721	0.14943
Pomona Usd 2008 Series C	0.00000	0.00000	0.00000	0.00000	0.02421
Rowland Unified School District	0.06943	0.07029	0.06769	0.07538	0.09195
Rowland Unified School District 2012 Series	0.00000	0.00000	0.00000	0.00000	0.00000
Walnut Valley Unified School District	0.08463	0.11296	0.11674	0.11839	0.11735
Total Direct and Overlapping <sup>2</sup> Tax Rates	<u>1.36855</u>	<u>1.40528</u>	<u>1.44582</u>	<u>1.49107</u>	<u>1.50305</u>
City's Share of 1% Levy Per Prop 13 <sup>3</sup>	0.05202	0.05202	0.05202	0.05202	0.05202
General Obligation Debt Rate	-	-	-	-	-
Redevelopment Rate <sup>4</sup>	1.00450	1.00430	1.004300	1.003700	1.003700
Total Direct Rate <sup>5</sup>	0.67793%	0.66247%	0.65709%	0.65386%	0.63601%

Note:

- 1 In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- 2 Overlapping rates are those of local and county governments that apply to property owners within the City of Walnut. Not all overlapping rates apply to all City of Walnut property owners.
- 3 City's share of 1% Levy is based on the City of Walnut's share of the general fund tax rate area with the largest net taxable value within the City of Walnut. ERAF general fund tax shifts may not be included in tax ratio figures.
- 4 Redevelopment rate is based on the largest RDA tax rate area (TRA) and only includes rate(s) from indebtedness adopted prior to 1989 per California State Statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of AB1X 26 eliminated Redevelopment from State of California for the fiscal year 2012-13 and years thereafter.
- 5 Since basic and debt rates vary by tax rate area individual rates cannot be summed. Total Direct Rate is the weighted average of all individual direct rates applied by the City of Walnut.

Source: HdL, Coren & Cone, L.A. County Assessor 2007/08-2016/17 Tax Rate Table

**CITY OF WALNUT**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
1.00000	1.00000	1.00000	1.00000	1.00000
0.00350	0.00350	0.00350	0.00350	0.00350
0.02896	0.02023	0.02129	0.02154	0.02400
0.09500	0.11472	0.11426	0.11062	0.12581
0.18488	0.16407	0.16599	0.15364	0.14368
0.00000	0.00000	0.00000	0.00000	0.00000
0.10053	0.12297	0.14313	0.12426	0.10939
0.00000	0.00000	0.00000	0.00000	0.01505
0.12554	0.11342	0.11510	0.09285	0.06601
<b>1.53841</b>	<b>1.53892</b>	<b>1.56328</b>	<b>1.50641</b>	<b>1.48744</b>
0.05202	0.05202	0.05202	0.05202	0.05202
-	-	-	-	-
-	-	-	-	-
0.62656%	0.07616%	0.07479%	0.07362%	0.07264%

**CITY OF WALNUT**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>2017</u>		<u>2008</u>		<u>Business Type</u>
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	
Essex CA WA Limited Partnership	29,256,174	0.58%	25,815,793	0.73%	Apartments
Snow Creek Village West Partners	22,541,055	0.45%	19,916,639	0.57%	Commercial
Sunjoint Development LLC	21,320,250	0.42%	-	0.00%	Vacant
Wesco Properties Inc	20,326,286	0.40%	-	0.00%	Commercial
Walnut Tech Business Center	20,244,685	0.40%	17,887,590	0.51%	Light Industrial/Commercial
Vogel Properties, Inc.	19,967,361	0.40%	17,351,753	0.49%	Light Industrial/Commercial
9429 Walnut Cake LLC	13,694,439	0.27%	12,100,000	0.34%	Commercial
Henns Investment Company	9,701,065	0.19%	-	0.00%	Industrial
Meadow Pass Estates LLC	9,319,810	0.19%	-	0.00%	Residential
Orange Grove Services	9,250,000	0.18%	11,800,000	0.33%	Commercial
Ruey Cher & Tsu Kao	-	0.00%	17,959,670	0.51%	Commercial (Stater Bros)
Extra Space Properties Twenty One LLC	-	0.00%	6,821,106	0.19%	Self storage spaces
Walnut Hills Development 268 LLC	-	0.00%	10,172,184	0.29%	Commercial/Residential
U Store It	-	0.00%	6,389,761	0.18%	Industrial
<b>Total</b>	<b>175,621,125</b>	<b>3.50%</b>	<b>146,214,496</b>	<b>4.15%</b>	

Note:

The amounts shown above include assessed value data for both the City and the Successor Agency.

Per State of California AB 1X26 all redevelopment agency in California was dissolved effective February 1, 2012.

Source: Hdl, Coren & Cone, L.A. County Assessor 2016/17 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

**CITY OF WALNUT**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Taxes levied for the fiscal year	1,152,549	1,199,873	1,211,478	1,226,747
Collected within the fiscal year:				
Amount	978,703	1,029,059	1,056,079	1,125,382
Percent of Levy	85%	86%	87%	92%
Total Tax Collection				
Amount	978,703	1,029,059	1,056,079	1,125,382
Delinquent Tax Collection	(1,552)	2,077	1,684	1,442
Collection in subsequent years	N/A	N/A	N/A	N/A
Total Collection to date in Dollars	N/A	N/A	N/A	N/A
Total Collection to date as a percentage of levy	N/A	N/A	N/A	N/A

Note:

The amounts presented include City Property taxes, not Successor Agency property taxes.

Per State of California AB 1X26 all redevelopment agency in California was dissolved effective February 1, 2012.

Source: County of Los Angeles, Auditor-Controller

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
1,278,806	1,315,489	1,390,157	1,435,551	1,399,452	2,718,998
1,117,322	1,260,893	1,348,701	1,384,713	1,367,680	2,348,388
87%	96%	97%	96%	98%	86%
1,117,322	1,260,893	1,348,701	1,384,713	1,367,680	2,348,388
(22)	1,651	1,325	1,082	1,079	(2,041)
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

**CITY OF WALNUT**  
**Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Walnut Improvement Agency: <sup>1</sup>				
Tax Allocation Refunding Bonds, Series 1999A	12,085,000	11,830,000	11,570,000	10,840,000
Walnut Public Financing Authority:				
Tax Allocation Revenue Bonds, Series 1992	2,197,484	1,137,155	-	-
Tax Allocation Revenue Bonds, Series 2002	21,675,000	21,290,000	20,890,000	19,755,000
Total Governmental Activities	<u>35,957,484</u>	<u>34,257,155</u>	<u>32,460,000</u>	<u>30,595,000</u>
Personal Income City of Walnut (in thousands) <sup>2</sup>	1,025,427	1,037,202	1,017,320	1,022,357
Ratio of outstanding debt	3.51%	3.30%	3.19%	2.99%
Population	32,299	32,486	32,659	29,439
Total debt per capita	1,113	1,055	994	1,039

Note:

1 As a result of the dissolution of all the redevelopment agency in California, indebtedness of the former Walnut Improvement Agency was transferred to the Successor Agency. Note 10 of the notes to the financial statements on page 50-52 will provide in depth information on the Successor Agency Trust for assets of former redevelopment agency.

2 See the Schedule of Demographics Statistics for personal income data for calendar year 2016.

Details regarding outstanding debt can be found on Note 4 of the notes to the financial statements on page 38.

Source: City Finance Department, U.S. Bureau of Census decennial census data, Hdl, Coren & Cone

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
985,249	996,456	1,019,743	1,041,477	1,045,685	1,077,615
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29,661	29,947	30,112	30,257	30,152	30,134
-	-	-	-	-	-

**CITY OF WALNUT**  
**Direct and Overlapping Debt**  
**June 30, 2017**

	Outstanding Debt 6/30/17	Percentage Applicable To City	Estimated Share of Overlapping Debt
2013 Tax Allocation Ref Bond	5,600,000	100.000%	5,600,000
<b>Total Direct Bonded Debt</b>			<b>5,600,000</b>
Metropolitan Water District*	36,281,674	0.193%	70,176
Mt. San Antonio CCD DS 2001, 2008 Series D	394,812	6.048%	23,877
Mt. San Antonio CCD DS 2008 Series 13A	200,561,691	6.048%	12,129,230
Mt. San Antonio CCD DS 2008 Series 2013B	8,460,000	6.048%	511,630
Mt. San Antonio CCD DS 2013 Ref Series A	67,410,000	6.048%	4,076,708
Mt. San Antonio CCD DS 2013 Ref Series B	40,990,000	6.048%	2,478,924
Mt. San Antonio CCD DS 2008 Ref Series 2015C	19,500,000	6.048%	1,179,288
Mt. San Antonio CCD DS 2015 Ref Bonds	19,130,000	6.048%	1,156,912
Pomona USD DS Refunding 2000 Series A	13,390,000	0.129%	17,262
Pomona USD DS Refunding 2001 Series A	12,295,000	0.129%	15,850
Pomona USD DS 2008 Series A	3,590,000	0.129%	4,628
Pomona USD DS 2008 Series B	2,990,000	0.129%	3,855
Pomona USD DS 2008 Series C	40,525,000	0.129%	52,243
Pomona USD DS 2012 Refunding Bond Series A	28,895,000	0.129%	37,250
Pomona USD DS 2012 Refunding Bond Series B	13,875,000	0.129%	17,887
Pomona USD DS 2008 Series D QSCBS	20,970,000	0.129%	27,034
Pomona USD DS 2015 Ref Bonds	39,860,000	0.129%	51,386
Pomona USD DS 2016 Ref Bonds	113,358,077	0.129%	146,137
Rowland Heights USD DS 2000 Series A	1,461,829	10.739%	156,980
Rowland Heights USD DS 2005 Ref Bonds	8,944,753	10.739%	960,541
Rowland Heights USD DS 2006 Series B	27,022,549	10.739%	2,901,842
Rowland Heights USD DS 2006 Series C (BABS)	12,000,000	10.739%	1,288,631
Rowland Heights USD DS 2006 Series D QSCB	18,750,000	10.739%	2,013,487
Rowland Heights USD DS 2006 Series E	557,451	10.739%	59,862
Rowland Heights USD DS 2012 Series A	41,935,000	10.739%	4,503,230
Rowland Heights USD DS 2013 Ref Bonds	27,285,000	10.739%	2,930,026
Rowland Heights USD DS 2012 Series B	65,999,972	10.739%	7,087,470
Rowland Heights USD DS 2015 Ref Bonds	44,195,000	10.739%	4,745,922
Walnut Valley USD DS 2000 Series E	11,428,114	33.482%	3,826,339
Walnut Valley USD DS 2007 Ser A (Measure S)	5,167,108	33.482%	1,730,041
Walnut Valley USD DS 2011 Refunding	25,685,606	33.482%	8,600,006
Walnut Valley USD DS 2007 Series B Meas. S	1,160,000	33.482%	388,389
Walnut Valley USD DS 2007 Series C	195,887	33.482%	65,587
Walnut Valley USD DS 2014 Ref Bonds Series A	15,000,000	33.482%	5,022,271
Walnut Valley USD DS 2014 Ref Bonds Series B	8,700,000	33.482%	2,912,917
Walnut Valley USD DS 2016 Ref Bonds	40,010,000	33.482%	13,396,072
<b>Total Overlapping Bonded Debt</b>			<b>84,589,890</b>
<b>Total Direct and Overlapping Bonded Debt</b>			<b>90,189,890</b>

2016-17 Assessed Valuation:

\$2,091,281,453 after deducting \$2,932,354,248 Incremental value

Debt to Assessed Valuation Ratios:	0.27%
	4.04%
	4.31%

Note:

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

This report reflects debt which is being repaid through voter-approved tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the City of Walnut.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Walnut. 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 of Walnut boundaries and dividing it by each unit's total taxable assessed value.

Source: HdL, Coren & Cone, L.A. County Assessor and Auditor Combined 2016/17 Lien Date Tax Rolls



**CITY OF WALNUT**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed valuation	3,523,603,651	3,703,865,728	3,728,485,982	3,802,137,343	3,978,706,380
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	880,900,913	925,966,432	932,121,496	950,534,336	994,676,595
Debt limit percentage	15%	15%	15%	15%	15%
Debt Limit	132,135,137	138,894,965	139,818,224	142,580,150	149,201,489
Total net debt applicable to limit: General Obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>132,135,137</u>	<u>138,894,965</u>	<u>139,818,224</u>	<u>142,580,150</u>	<u>149,201,489</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Note:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state. This is 3.75% of full market value.

The City of Walnut has no bonded indebtedness.

Source: HdL, Coren & Cone, L.A. County Assessor 2016/17 Combined Tax Rolls

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
4,124,015,117	4,371,491,627	4,590,208,614	4,823,117,151	5,023,635,701
25%	25%	25%	25%	25%
1,031,003,779	1,092,872,907	1,147,552,154	1,205,779,288	1,255,908,925
15%	15%	15%	15%	15%
154,650,567	163,930,936	172,132,823	180,866,893	188,386,339
-	-	-	-	-
<b>154,650,567</b>	<b>163,930,936</b>	<b>172,132,823</b>	<b>180,866,893</b>	<b>188,386,339</b>
0.0%	0.0%	0.0%	0.0%	0.0%

**CITY OF WALNUT**  
**Demographic Statistics**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Square Miles <sup>1</sup>	8.83	8.83	8.83	8.83
Number of Housing Units <sup>2</sup>	8,624	8,681	8,713	8,808
Population (City of Walnut) <sup>2</sup>	32,299	32,486	32,659	29,439
Personal Income City of Walnut (in thousands) <sup>3</sup>	1,025,427	1,037,202	1,017,320	1,022,357
Per Capita Personal Income City of Walnut <sup>3</sup>	32,058	32,351	31,432	31,304
Unemployment Rate City of Walnut <sup>4</sup>	2.4%	3.6%	5.6%	6.2%
Average Annual Population % change <sup>2</sup>	0.01%	0.58%	0.53%	-9.86%

Sources:

<sup>1</sup> City Finance Department

<sup>2</sup> Population: California State Department of Finance.

<sup>3</sup> California State Department of Finance. U.S. Bureau of Census. ESRI-Demographic Estimates are based on the last available Census. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries.

<sup>4</sup> Unemployment Data: California Employment Development Department.

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
8.83	8.83	8.83	8.83	8.83	8.83
8,867	8,908	8,909	8,911	8,925	8,937
29,661	29,947	30,112	30,257	30,152	30,134
985,249	996,456	1,019,743	1,041,477	1,045,685	1,077,615
33,217	33,274	33,865	34,573	34,680	35,760
6.0%	4.5%	3.6%	5.9%	4.8%	3.7%
0.75%	0.96%	0.55%	0.48%	-0.35%	-0.06%

**CITY OF WALNUT  
Principal Employer  
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2017</u>		<u>Product/Services</u>	<u>2008</u>	
	<u>Number of Employees</u>	<u>Percent of Employment</u>		<u>Number of Employees</u>	<u>Percent of Employment</u>
Mount San Antonio College	3,775	49%	Community College	2,925	48%
Ninas Mexican Foods, Inc.	140	2%	Manufacturer	-	0%
Ronsin Photocopy Inc.	124	2%	Photocopy Manufacturer	105	2%
Recruiter Exchange Inc	108	1%	Employment Agency	-	0%
Edro Engineering Company, Inc.	84	1%	Manufacture Mold Bases	96	2%
Stater Brothers Market	81	1%	Grocery Store	72	1%
Sodexo, Inc.	76	1%	Food Service Management	-	0%
Vons #2167	73	1%	Grocery Store	83	1%
Applebee's Neighborhood Grill	67	1%	Restaurant	81	1%
TJ Maxx#682	66	1%	Retail	61	1%
McDonald	62	1%	Fast-food	-	0%
Panera Bread	54	1%	Restaurant	-	0%
Mwave.com/Multiwave	36	0%	Computer Wholesales	90	1%
Kaleido Graphics Services Group	-	0%	Printing & Graphics	95	2%
Albertsons #6588	-	0%	Grocery Store	86	1%

Source: City Finance Department

**CITY OF WALNUT  
Full-Time Employees  
Last Ten Fiscal Years**

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Function:					
General government	12	12	12	12	12
Public safety	2	2	2	2	2
Public works	4	4	4	4	4
Community development	9	9	9	9	9
Community services	<u>14</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>11</u>
Total	<u>41</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>38</u>

Note:

Public safety which includes police and fire services were provided by Los Angeles County.

Source: City Finance Department

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
11	10	9	9	9
2	2	2	2	2
4	4	6	6	6
9	9	9	10	10
11	11	10	10	10
<b>37</b>	<b>36</b>	<b>36</b>	<b>37</b>	<b>37</b>

**CITY OF WALNUT**  
**Construction and Bank Deposit Activity**  
**Last Ten Fiscal Years**

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Number of New Residential Units	67	18	45	121	2
Building Permit Valuation					
Residential	30,315,730	13,018,727	36,861,834	57,836,267	10,016,161
Non-Residential	1,545,030	1,234,263	4,640,346	282,322	1,298,793
Total	<u>31,860,760</u>	<u>14,252,990</u>	<u>41,502,180</u>	<u>58,118,589</u>	<u>11,314,954</u>
Number of Building Permit Issued	368	293	401	476	466
Bank Deposits	526,864,000	634,254,000	636,939,000	656,199,000	580,175,000

Source: FDIC: Deposit Market Share Report June 30, 2017, City of Walnut Finance Department, and City of Walnut Building Department



<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
3	4	14	22	97
7,162,387	6,956,379	12,822,312	15,959,112	39,160,875
652,506	1,654,042	397,517	573,580	1,982,436
<b>7,814,893</b>	<b>8,610,421</b>	<b>13,219,829</b>	<b>16,532,692</b>	<b>41,143,311</b>
450	441	434	689	587
689,651,000	766,390,000	860,801,000	1,023,415,000	1,211,609,000

**CITY OF WALNUT  
Insurance in Force  
June 30, 2017  
(Unaudited)**

<u>CARRIER</u>	<u>POLICY #</u>	<u>COVERAGE</u>	<u>AMOUNT OF COVERAGE</u>	<u>TERM</u>
Alliant Insurance	CRIME1617	Public Employees "O"	\$ 1,000,000	07/01/2016-06/30/2017
		Theft "C"	\$ 1,000,000	
		Forgery "B"	\$ 1,000,000	
		Computer Fraud "F"	\$ 1,000,000	
California Joint Powers Insurance Authority	B128410009W16	Property	\$ 30,320,203	07/01/2016-06/30/2017
		Earthquake & Flood	No Coverage	
		Other Vehicles Physical Damage	\$ 526,322	
		Mechanical Breakdown	\$ 27,288,305	
		Fire and Ambulance Physical Damage	No Coverage	
California Joint Powers Insurance Authority		General Liability	\$ 20,000,000	07/01/2016-06/30/2017
		Auto Liability	\$ 20,000,000	
		Workers' Compensation	\$ 10,000,000	
		Environmental/Pollution	No Coverage	
		Cyber Liability	\$ 1,000,000	

Source: City Risk Management

**CITY OF WALNUT**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Public Safety:</b>				
Number of employees trained on Emergency Operation	42	2	16	16
Number of volunteers on patrol	14	14	14	15
Parking Citation Issued	2,708	2,787	3,723	2,490
<b>Community Development:</b>				
Planning Application Processed	128	109	111	153
Code Enforcement Complaint Response	430	475	439	453
Dial-A-Ride Members	3,642	3,785	3,869	4,192
Metrolink Passes Sold	2,839	2,907	2,616	2,328
<b>Public Works:</b>				
Street Resurfacing (square feet)	0	1,229,228	1,093,392	661,025
<b>Parks and recreation:</b>				
Number of recreation classes	731	417	300	400
Number of youth registered	8,081	5,153	4,939	4,800

Source: City Departments

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
60	60	60	50	50	50
12	9	12	15	30	20
2,423	1,779	1,436	2,275	3,688	1,337
148	136	150	154	156	105
535	601	789	775	801	817
4,447	4,618	4,069	4,338	4,521	4,645
2,264	2,028	1,729	1,524	1,421	1,368
301,545	21,000	228,360	1,944,687	2,303,654	3,234,562
236	500	750	683	650	757
4,706	6,000	6,500	5,500	5,250	5,821

**CITY OF WALNUT**  
**Capital Assets Statistics by Function**  
**Last Ten Fiscal Years**

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Public Works:</b>					
Street (Miles)	111	111	111	112	112
Street lights	1,771	1,785	1,784	1,814	1,831
Traffic signals	38	38	38	39	40
<b>Parks and recreation:</b>					
Parks	11	11	11	11	11
Teen Center	1	1	1	1	1
Senior Center	1	1	1	1	1
<b>Total</b>	<u>1,933</u>	<u>1,947</u>	<u>1,946</u>	<u>1,978</u>	<u>1,996</u>

Source: City Finance Department, RKA Civil Engineers, Inc., and Southern California Edison Company

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
112	111	111	111	111
1,835	1,853	1,934	1,934	1,934
40	40	40	40	41
11	11	11	11	11
1	1	1	1	1
1	1	1	1	1
<b>2,000</b>	<b>2,017</b>	<b>2,098</b>	<b>2,098</b>	<b>2,099</b>

**CITY OF WALNUT**  
**Miscellaneous Statistics**  
**June 30, 2017**  
**(Unaudited)**

Walnut incorporated January 19, 1959 is situated in the greater Walnut Valley, nestled in the area between the San Jose Hills to the north and the Puente Hills to the south, 20 miles east of downtown Los Angeles.

The climate of Walnut is mild and dry, with the average temperatures ranging from 54 degrees in the winter to 72 degrees in the summer. The annual rainfall for the area is 20 inches.

Elevation is 519 feet above sea level with gently rolling hills in the south rising to the rugged, steep hills of 1,375 to the north. The impressive backdrop of the Walnut Valley is the towering San Gabriel mountain range, with snow-capped Mt. Baldy as well as the San Gorgonio and San Jacinto ranges.

Type of City	General Law-January 19, 1959
Form of Government	Council/Manager
Population	30,134
Land Area	8.83 Square Miles
Number of Parks	11
Park Areas	97 Acres
Equestrian/Hiking Trails	30.5 Miles
Water Utility	Walnut Valley Water District Suburban Water Systems Golden State Water Company
Electric Utility	Southern California Edison Company
Gas Utility	Southern California Gas Company
Employees	37 Full-time
Cost per Capita	\$622

Source: City Finance Department



Walnut  
ALWAYS ELEGANT. ALWAYS FRIENDLY.