

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016



WALNUT, CALIFORNIA



Comprehensive Annual Financial Report
For the fiscal year ended
June 30, 2016

Prepared by:
City of Walnut, Administrative Services
Finance Division

CITY OF WALNUT, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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P.O. Box 682, Walnut, CA 91788-0682
21201 La Puente Road
Walnut, CA 91789-2018
Telephone (909) 595-7543
FAX (909) 595-6095
www.cityofwalnut.org



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

CITY OF WALNUT

December 28, 2016

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, 2016. 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 accomplish 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 4th 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 \$16.0 million, which is approximately 127% of the total general fund expenditures. The total net change in the general fund balance is \$779,441, which is mainly due to the increase in charges for services, property and sales taxes.

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 2017-2021 Capital Improvement Program anticipates \$6.8 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

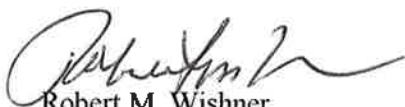
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Walnut for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the twenty-seven (27th) 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 Vavrink, 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
Interim 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, 2015

Executive Director/CEO

**CITY OF WALNUT
OFFICIALS
June 30, 2016**

CITY COUNCIL

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

WALNUT SUCCESSOR AGENCY

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

CITY OFFICIALS

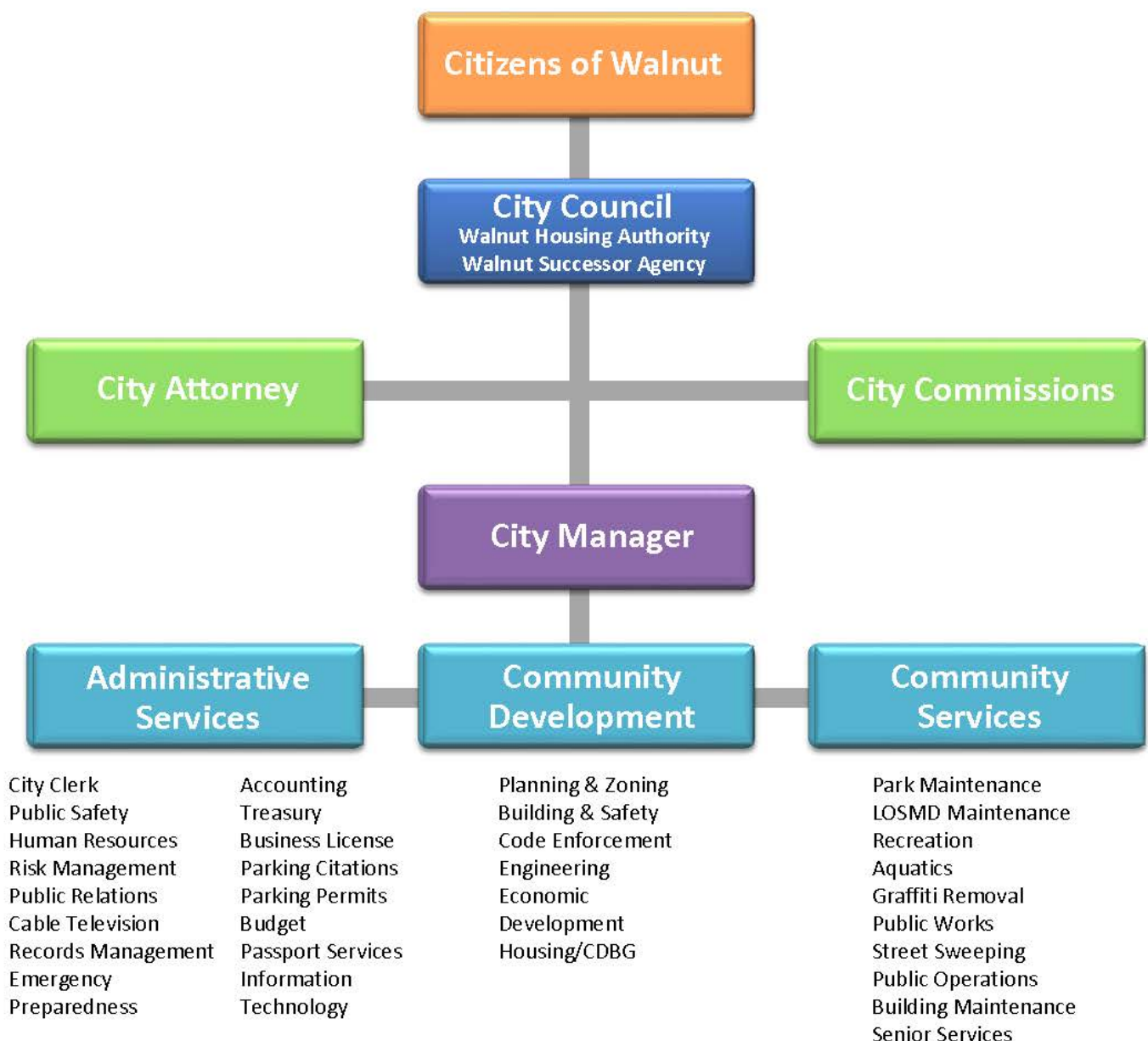
Robert M. Wishner, City Manager
Teresa De Dios, City Clerk
Karen Ogawa, City Treasurer

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.

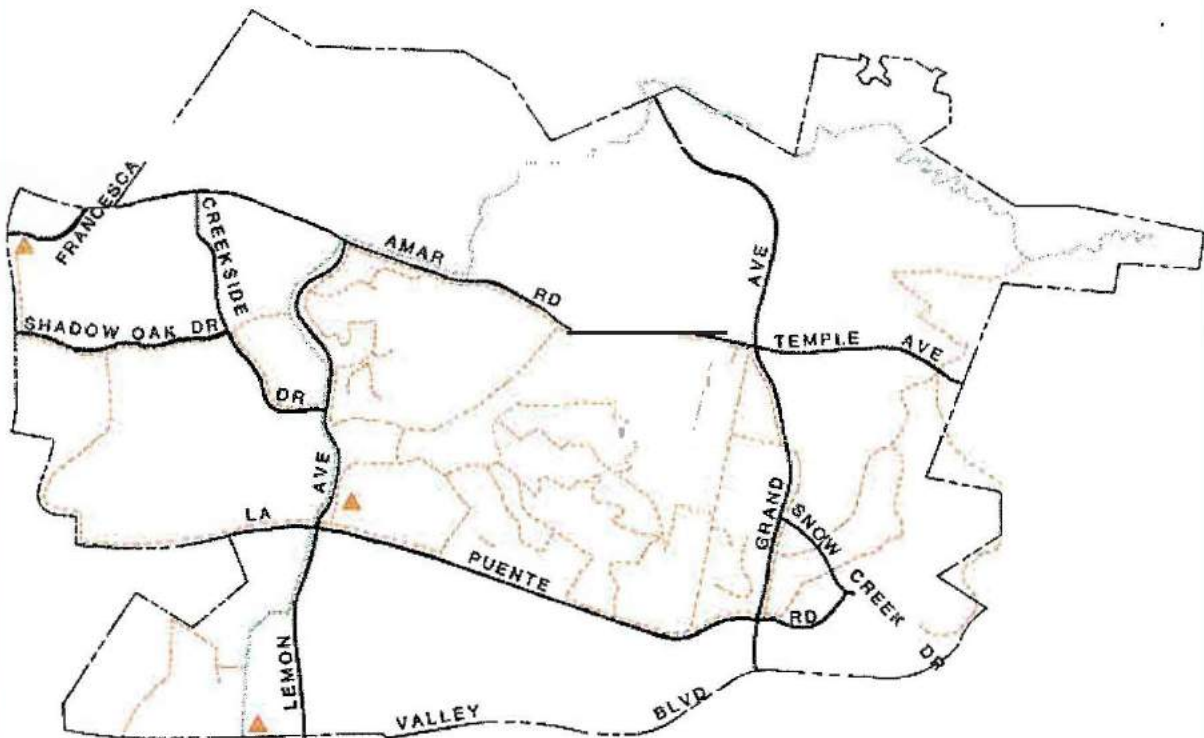


City of Walnut Trail Map



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	7 MILES
TOTAL TRAIL MILES	30.5 MILES



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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2016, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective July 1, 2015. Our opinion is not modified with respect to this matter.

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 56 through 59, the schedule of proportionate share of the net pension liability and the schedule of contributions on pages 60 and 61, other postemployment benefits schedule of funding progress on page 62, and related notes on page 63, 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

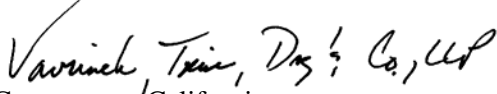
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of 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, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 27, 2016

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, 2016. 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 \$95,264,121 (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 \$16.0 million or approximately 127% of the total general fund expenditures.
- The General Fund actual resources available for appropriation (revenue inflows and fund balance) exceeded final budget by \$1,343,721 while actual appropriations (outflows) were \$969,777 less than budget.
- At the close of the current fiscal year, the City of Walnut governmental funds reported a combined fund balances of \$27,911,576.

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, three 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)		
Year Ended June 30:		
	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 30,629	\$ 31,103
Capital assets	72,964	73,440
Total assets	<u>103,593</u>	<u>104,543</u>
Deferred outflows of resources	<u>489</u>	<u>420</u>
Current liabilities	2,516	2,355
Noncurrent liabilities	<u>5,374</u>	<u>5,063</u>
Total liabilities	<u>7,890</u>	<u>7,418</u>
Deferred inflows of resources	<u>928</u>	<u>1,308</u>
Net Position		
Net investment in capital assets	72,964	73,440
Restricted	7,115	8,212
Unrestricted	<u>15,185</u>	<u>14,584</u>
Total net position	<u>\$ 95,264</u>	<u>\$ 96,236</u>

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$95,264,121 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 (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15,184,940 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 \$972,612 which is mainly due to a decrease in current and other assets and capital assets. The following is an explanation of the major changes:

- Current and other assets decreased by \$473,769. Cash and investments decrease of \$1.2 million due to the payment of several capital projects that were completed during the year. Prepaid cost increased approximately \$600,000 as compared to prior year. Due from other governments also increased due to higher grant receivable outstanding at end of the year when compared to last year.
- Capital assets decreased \$476,045 net of depreciation. The decrease was attributed to the infrastructures, furniture, and equipment that were fully depreciated and retired during the year. Irrigation controller installation, phone system, website redesign, slurry seal area 5, creekside park playground renovation and outdoor fitness equipment, and suzanne park parking lot rehabilitation projects are the capital assets completed during the fiscal year. Construction in progress increased due to the general plan update and commercial street resurfacing project which are still on-going. The changes are as follows:

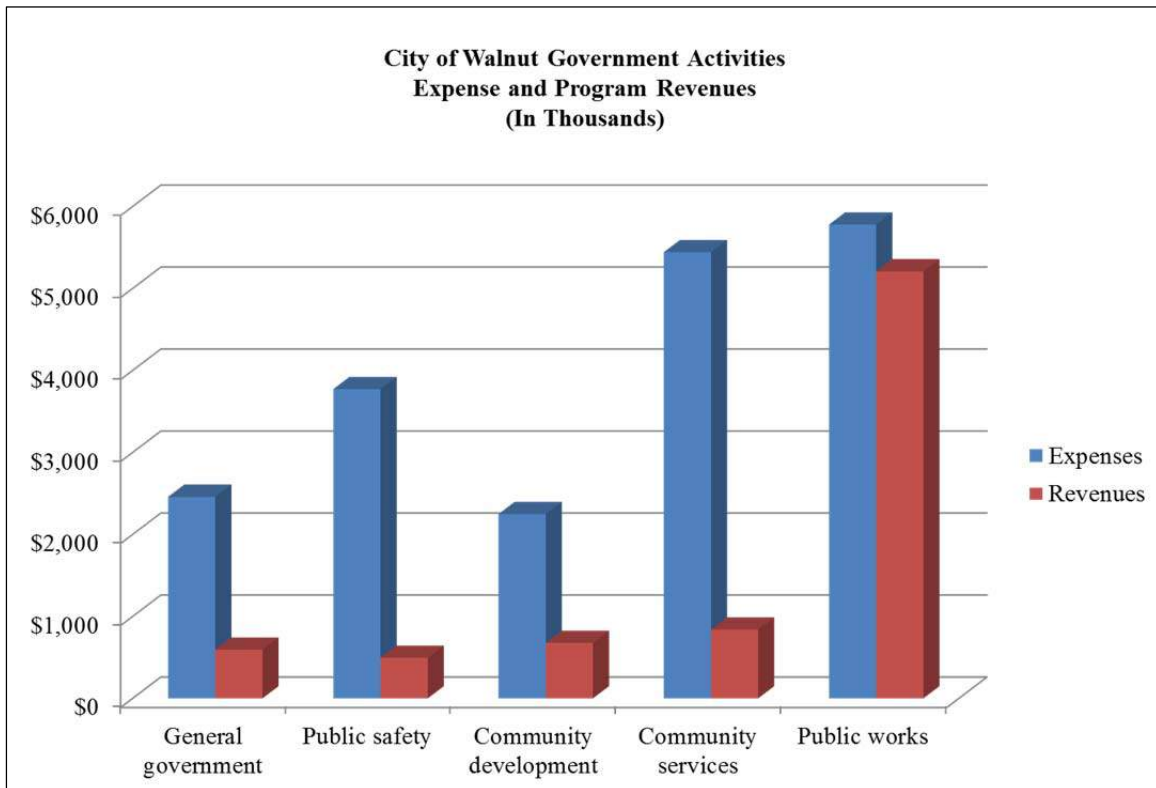
City of Walnut Asset Type (In Thousand)	
Construction in progress	116,585
Building and improvements	718,752
Furniture and equipment	588,459
Infrastructure	<u>(1,899,841)</u>
Capital asset net decrease	<u>\$ (476,045)</u>

- Deferred outflows and inflows of resources, on a net basis, related to net pension obligation decreased as a result of the implementation of GASB 68 during the fiscal year.
- Long-term debt outstanding increased \$311,360 mainly due to the recording of other post-employment benefits and net pension obligation as required per GASB 68. The accrued employee benefits increased \$6,911 during the year.
- Other liabilities increased \$160,826 mainly due to increase in accounts payable related to various capital improvement projects that were completed during the year.

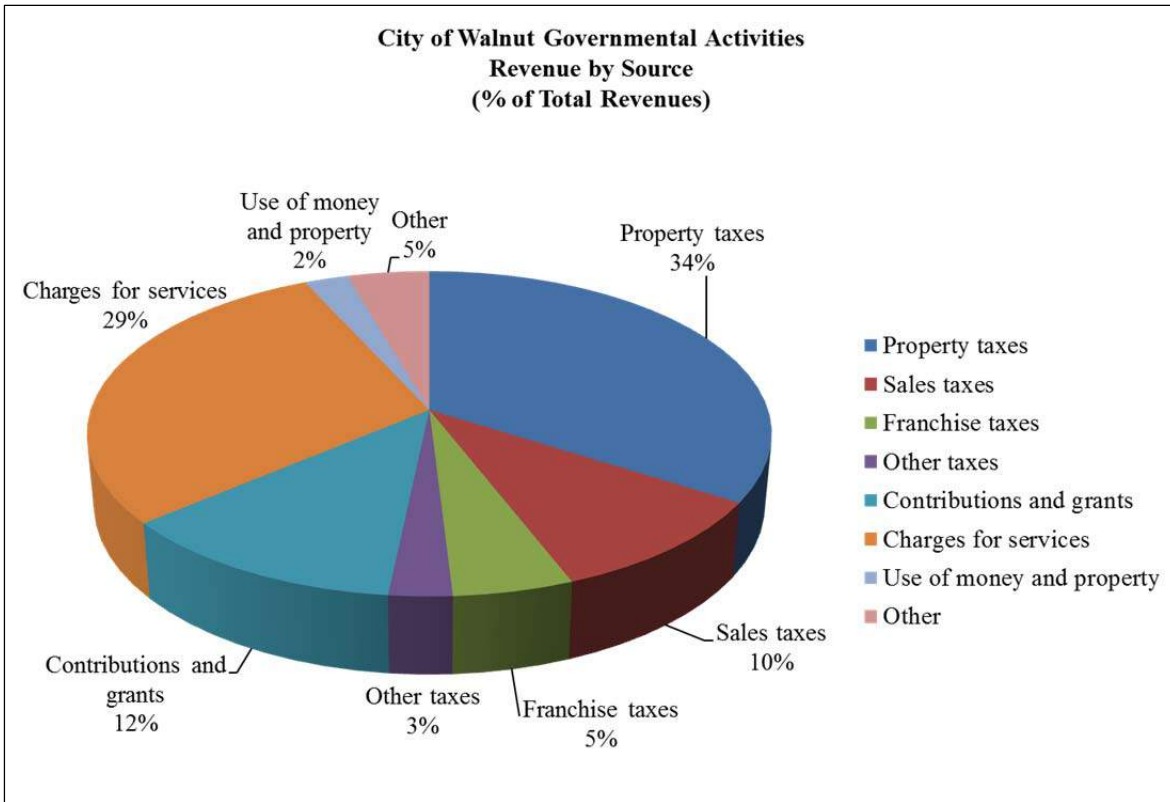
Governmental Activities. Governmental activities decreased the City of Walnut net position by \$972,612. Key elements of the changes are as follow:

City of Walnut Changes in Net Position		
(In Thousands)		
Year Ended June 30:		
	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 5,523	\$ 4,697
Operating contributions and grants	956	1,292
Capital contributions and grants	1,335	1,798
General revenues:		
Taxes:		
Property taxes	6,409	6,238
Sales taxes	1,890	1,574
Franchise taxes	937	963
Business license taxes	110	100
Other taxes	359	331
Motor vehicle in lieu	22	24
Use of money and property	448	468
Other	840	18
Total revenues	<u>18,829</u>	<u>17,503</u>
Expenses:		
General government	2,559	2,618
Public safety	3,773	3,581
Community development	2,249	2,192
Community services	5,442	3,712
Public works	5,779	6,929
Total expenses	<u>19,802</u>	<u>19,032</u>
Decrease in net position	(973)	(1,529)
Beginning net position	96,237	102,928
Restatement of net position	-	(5,162)
Ending Net Position	<u>\$ 95,264</u>	<u>\$ 96,237</u>

- The increase of \$825,555 in charges for services is primarily due to higher revenues received from the public work fees and community services programs.
- The decrease of \$335,806 in operating contributions and grants is mainly due to lower gas tax revenues received from the State and lower revenues received from other agencies this year as compared to the prior year.
- The capital contribution and grants decreased by \$463,060 mainly due to the decrease in revenues received from Caltrans for the capital projects.
- Taxes increased by \$499,014 mainly due to the increase in property and sales taxes.
- Other revenues increased by \$821,333 as compared to prior year due to increase in new residential and commercial developments.



- General government expenses decreased by \$59,186 due to decrease in personnel costs coupled with an increase in special legal expenses.
- Public safety expenses increased \$191,364 mainly due to increase in law enforcement contractual services.
- Community services increased \$1.7 million primarily due to irrigation controller installation project, creekside park playground renovation and outdoor fitness equipment, and susanne park parking lot rehabilitation projects.
- Public Work expenses decrease \$1.2 million mainly due to less public works projects this year compared to last fiscal year.



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 \$27,911,576. A decrease of \$475,455 in comparison to prior year.

Of this balance 10% (\$2,728,695) are nonspendable balances for notes and loans, advances to other funds, and prepaid costs; 25% (\$7,115,326) are legally restricted to fund such areas as low and moderate housing projects, public safety, community services, and public works; 4% (\$1,000,000) are committed for disaster recovery, 54% (\$15,057,122) are assigned to community services, maintenance and operations, capital assets, self insurance, and OPEB, 7% (\$2,010,433) 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 \$16,879,059. The unassigned fund balance of the general fund is \$2,010,433, which represents approximately 16% compared to the general fund expenditures, while the total fund balance represents approximately 134% of the general fund expenditures. The general fund balance increased \$779,441 in comparison to last year is mainly due to increases in charges for services, property and sales taxes as mentioned earlier.

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 \$2,065,878, a decrease of \$2,022,414 as a result of the various capital items and projects completed during the year. These projects were irrigation controller installation, phone system, website redesign, slurry seal, playground renovation and outdoor fitness equipment, and parking lot rehabilitation projects. Construction in progress for the general plan update and commercial street resurfacing

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 \$969,777 less than the final budget. The budget to actual variance in appropriations was due to 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 \$1,343,721 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 \$955,667.

Capital Asset and Debt Administration

Capital Assets. At the end of the fiscal year ended June 30, 2016, the City had \$137,116,015 invested in a broad range of capital assets including land, buildings, infrastructures, furniture, and equipment. The amount represents a net increase of \$1,276,864 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)		
	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 10,793	\$ 10,793
Construction in progress	1,220	1,103
Building and improvements	14,126	13,408
Furniture and equipment	1,344	755
Infrastructure	45,481	47,381
Total	<u>\$ 72,964</u>	<u>\$ 73,440</u>

The City’s five-year Capital Improvement Plans projects spending \$6.8 million through fiscal year 2020-21. 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 38 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 \$5,373,935.

City of Walnut Outstanding Debt		
(In Thousand)		
	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
OPEB obligation	\$ 537	436
Net pension obligation	4,465	4,261
Accrued employee benefits	<u>372</u>	<u>365</u>
Total	<u>\$ 5,374</u>	<u>\$ 5,062</u>

Additional information on long-term debt can be found in Note 4 on page 39 of this report.

Economic Factors and Next Year’s Budgets and Rates

The revenue and expenditure projections provided for the 2016-17 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 projected in years 3 through 5, 2% increase on the property taxes and franchise taxes and 5% increase in the telecommunication lease revenue. 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 1% 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 3% in year 2 and 3 and 4% 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, 2016**

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 25,592,236
Receivables:	
Accounts	227,578
Notes and loans	1,757,926
Accrued interest	39,963
Deferred loans	727,871
Prepaid costs	633,100
Due from other governments	1,070,438
Restricted assets:	
Cash with fiscal agent	579,858
Capital assets not being depreciated	12,012,387
Capital assets, net of depreciation	60,951,468
Total Assets	<u>103,592,825</u>
Deferred Outflows of Resources	
Deferred amount related to pensions	<u>489,210</u>
Liabilities	
Accounts payable	1,603,865
Accrued liabilities	182,672
Unearned revenue	31,547
Due to other governments	637,222
Due to Successor Agency	60,570
Noncurrent liabilities:	
Due within one year	328,621
Due in more than one year	43,251
Net pension liability	4,464,984
Net OPEB obligation	537,079
Total Liabilities	<u>7,889,811</u>
Deferred Inflows of Resources	
Deferred amounts related to pensions	<u>928,103</u>
Net Position	
Net investment in capital assets	72,963,855
Restricted for:	
Community development projects	2,079,538
Public safety	134,169
Community services	1,026,385
Public works	3,875,234
Unrestricted	15,184,940
Total Net Position	<u>\$ 95,264,121</u>

See Notes to Financial Statements.

CITY OF WALNUT, CALIFORNIA

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Revenue and Changes in Net Position
Governmental Activities:					
General government	\$ 2,559,043	\$ 539,554	\$ 55,213	\$ -	\$ (1,964,276)
Public safety	3,772,824	380,909	114,618	-	(3,277,297)
Community development	2,248,657	2,868	129,793	543,529	(1,572,467)
Community services	5,441,949	840,018	-	-	(4,601,931)
Public works	5,778,712	3,759,518	656,935	791,395	(570,864)
Total Governmental Activities	<u>\$ 19,801,185</u>	<u>5,522,867</u>	<u>956,559</u>	<u>1,334,924</u>	<u>(11,986,835)</u>
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					6,408,855
Sales taxes					1,890,516
Franchise taxes					936,650
Business taxes					109,615
Other taxes					359,008
Motor vehicle in lieu - unrestricted					22,377
Use of money and property					447,621
Other					839,581
Total General Revenues					<u>11,014,223</u>
Change in Net Position					(972,612)
Net Position, Beginning of Year					<u>96,236,733</u>
Net Position, End of Year					<u>\$ 95,264,121</u>

See Notes to Financial Statements.

CITY OF WALNUT, CALIFORNIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General	Special Revenue Funds		
		Community Development Block Grant	LOSMD	Low and Moderate Income Housing Fund
Assets				
Pooled cash and investments	\$ 15,878,284	\$ -	\$ 1,241,490	\$ 183,780
Receivables:				
Accounts	189,451	-	-	-
Notes and loans	-	-	-	1,757,926
Accrued interest	37,429	-	-	-
Deferred loans	-	637,222	-	-
Prepaid costs	626,512	-	-	-
Due from other governments	974,574	39,587	38,684	-
Due from other funds	61,465	-	-	-
Advances to other funds	250,870	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	554,000	25,858	-	-
Total Assets	<u>\$ 18,572,585</u>	<u>\$ 702,667</u>	<u>\$ 1,280,174</u>	<u>\$ 1,941,706</u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,230,466	\$ 3,980	\$ 163,744	\$ -
Accrued liabilities	177,892	-	-	-
Unearned revenues	23,080	-	-	-
Due to other governments	-	637,222	-	-
Due to other funds	-	61,465	-	-
Due to Successor Agency	60,570	-	-	-
Advances from other funds	-	-	250,870	-
Total Liabilities	<u>1,492,008</u>	<u>702,667</u>	<u>414,614</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenues	<u>201,518</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflow of Resources	<u>201,518</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	877,382	-	-	1,757,926
Restricted	-	-	865,560	183,780
Committed	1,000,000	-	-	-
Assigned	12,991,244	-	-	-
Unassigned	2,010,433	-	-	-
Total Fund Balances	<u>16,879,059</u>	<u>-</u>	<u>865,560</u>	<u>1,941,706</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 18,572,585</u>	<u>\$ 702,667</u>	<u>\$ 1,280,174</u>	<u>\$ 1,941,706</u>

See Notes to Financial Statements.

Capital Projects Fund		
<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,096,370	\$ 6,192,312	\$ 25,592,236
-	38,127	227,578
-	-	1,757,926
-	2,534	39,963
-	90,649	727,871
3,850	2,738	633,100
-	17,593	1,070,438
-	-	61,465
-	-	250,870
-	-	579,858
<u>\$ 2,100,220</u>	<u>\$ 6,343,953</u>	<u>\$ 30,941,305</u>
\$ 34,342	\$ 171,333	\$ 1,603,865
-	4,780	182,672
-	8,467	31,547
-	-	637,222
-	-	61,465
-	-	60,570
-	-	250,870
<u>34,342</u>	<u>184,580</u>	<u>2,828,211</u>
-	-	201,518
<u>-</u>	<u>-</u>	<u>201,518</u>
-	93,387	2,728,695
-	6,065,986	7,115,326
-	-	1,000,000
2,065,878	-	15,057,122
-	-	2,010,433
<u>2,065,878</u>	<u>6,159,373</u>	<u>27,911,576</u>
<u>\$ 2,100,220</u>	<u>\$ 6,343,953</u>	<u>\$ 30,941,305</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, 2016**

Fund Balances of Governmental Funds		\$ 27,911,576
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.		72,963,855
Compensated absences have not been included in the governmental fund activity		(371,872)
Proportionate share of net pension liability that has not been included in the governmental fund activity		(4,464,984)
Deferred Outflows related to pensions:		
Contributions made subsequent to the measurement date	\$ 464,293	
Difference between expected and actual experience	<u>24,917</u>	489,210
Deferred Inflows related to pensions:		
Change in proportionate and difference between City's contributions and the proportionate share of contributions	(574,180)	
Net difference between projected and actual earnings on plan investments	(118,181)	
Changes in assumptions	<u>(235,742)</u>	(928,103)
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.		(537,079)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of net position. These are included in the intergovernmental revenues in the governmental fund activity.		<u>201,518</u>
Net Position of Governmental Activities		<u>\$ 95,264,121</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, 2016**

	Special Revenue Funds			
	General	Community Development Block Grant	LOSMD	Low and Moderate Income Housing Fund
Revenues:				
Taxes	\$ 9,614,804	\$ -	\$ -	\$ -
Assessments	-	-	2,109,527	-
Licenses and permits	961,563	-	-	-
Intergovernmental	22,377	129,793	-	-
Charges for services	1,839,232	-	-	-
Use of money and property	404,421	-	-	-
Fines and forfeitures	70,620	-	-	-
Miscellaneous	268,795	-	-	-
Total Revenues	<u>13,181,812</u>	<u>129,793</u>	<u>2,109,527</u>	<u>-</u>
Expenditures:				
Current:				
General government	2,536,035	-	-	-
Public safety	3,640,130	-	-	-
Community development	1,503,295	129,793	-	-
Community services	3,246,100	-	-	-
Public works	1,667,723	-	2,287,925	-
Capital outlay	19,057	-	34,444	-
Total Expenditures	<u>12,612,340</u>	<u>129,793</u>	<u>2,322,369</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>569,472</u>	<u>-</u>	<u>(212,842)</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers in	209,969	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>209,969</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	779,441	-	(212,842)	-
Fund Balances, Beginning of Year	<u>16,099,618</u>	<u>-</u>	<u>1,078,402</u>	<u>1,941,706</u>
Fund Balances, End of Year	<u>\$ 16,879,059</u>	<u>\$ -</u>	<u>\$ 865,560</u>	<u>\$ 1,941,706</u>

See Notes to Financial Statements.

<u>Capital Projects Fund</u>		
<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 9,614,804
-	998,454	3,107,981
-	-	961,563
-	2,216,188	2,368,358
-	-	1,839,232
-	42,154	446,575
-	206,391	277,011
2,658	100,736	372,189
<u>2,658</u>	<u>3,563,923</u>	<u>18,987,713</u>
-	-	2,536,035
-	125,088	3,765,218
-	615,569	2,248,657
1,746,833	13,900	5,006,833
-	1,429,964	5,385,612
278,239	189,073	520,813
<u>2,025,072</u>	<u>2,373,594</u>	<u>19,463,168</u>
<u>(2,022,414)</u>	<u>1,190,329</u>	<u>(475,455)</u>
-	-	209,969
-	(209,969)	(209,969)
-	(209,969)	-
(2,022,414)	980,360	(475,455)
<u>4,088,292</u>	<u>5,179,013</u>	<u>28,387,031</u>
<u>\$ 2,065,878</u>	<u>\$ 6,159,373</u>	<u>\$ 27,911,576</u>

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, 2016**

Net Change in Fund Balances - Total Governmental Funds \$ (475,455)

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	\$ 2,174,347	
Depreciation	<u>(2,650,392)</u>	(476,045)

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. (6,911)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures; however, in the statement of activities only the ARC is an expense. (100,702)

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. 245,641

Revenues reported as unavailable revenues in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. (159,140)

Change in Net Position of Governmental Activities \$ (972,612)

CITY OF WALNUT, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2016

	Agency Fund	Private Purpose Trust Fund <u>Successor Agency of the Former RDA</u>
Assets		
Pooled cash and investments	\$ 1,470,822	\$ 377,809
Receivables:		
Accrued interest	404	475
Due from the City	-	60,570
Restricted assets:		
Cash and investments with fiscal agents	-	4
Total Assets	<u>\$ 1,471,226</u>	<u>438,858</u>
 Deferred Outflows of Resources		
Deferred loss on debt refunding		<u>9,523</u>
 Liabilities		
Accounts payable	12,579	-
Accrued interest	-	168,150
Deposits payable	1,458,647	-
Long-term liabilities:		
Due in one year	-	3,300,000
Due in more than one year	-	7,838,052
Total Liabilities	<u>\$ 1,471,226</u>	<u>11,306,202</u>
 Net Position		
Held in trust for other purposes		<u>(10,857,821)</u>
Total Net Position		<u>\$ (10,857,821)</u>

See Notes to Financial Statements.

CITY OF WALNUT, CALIFORNIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2016**

	Private Purpose Trust Fund
	Successor Agency of the Former RDA
Additions	
Taxes	3,884,526
Interest and change in fair value of investments	3,156
Total Additions	<u>3,887,682</u>
Deductions	
Administrative expenses	192,430
Contractual services	1,250
Interest expense	347,582
Total Deductions	<u>541,262</u>
Changes in Net Position	3,346,420
Net Position - Beginning of the Year	<u>(14,204,241)</u>
Net Position - End of the Year	<u>\$ (10,857,821)</u>

See Notes to Financial Statements.

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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.

All 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.

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, except that fiduciary are included. 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, 2016**

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 are restricted for the implementation, administration and monitoring of the Low and Moderate income housing affordability and other reporting requirements of the State housing and redevelopment.
- 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.

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

As of July 1, 2015, the City adopted Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurements and Application*. GASB Statement No. 72 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, 2016

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, 2016, 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.

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 pension contributions made after the actuarial measurement date and for actuarial adjustments due to the proportionate share of the contributions made to the pension liability. These actuarial adjustments are deferred and amortized. 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 pension related items due to net differences between the projected and actual earnings on pension plan investments and due to changes in pension assumptions or other inputs. These amounts are deferred and amortized. The governmental fund balance sheet also reports one item under deferred inflows of resources, which arises only under the modified accrual basis of accounting. The item, unavailable revenue is reported only in the governmental funds balance sheet and will be recognized as revenue in the period when the amounts become available.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Unearned Revenue

Revenues totaling \$23,080 which were received in the General Fund and \$8,467 which were received in other nonmajor governmental funds for advance payment of business licenses and other various fees have been recorded as unearned revenue until such time as those revenues meet the recognition criteria.

g. Effect of New Accounting Standards

Accounting Pronouncements Effective in the Fiscal Year

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for periods beginning after June 15, 2015. The City has implemented this statement effective July 1, 2015.

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. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This statement is effective for periods beginning after June 15, 2015. The City has implemented this statement without material impact.

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. 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 determined that this statement does not have a material impact on the financial statements.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of the Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, the Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement is effective for the reporting periods beginning after June 15, 2016, or the 2016-2017 fiscal year, except for the requirements of paragraph 7 in a circumstance in which an employers' pension liability is measured as of a date other than the employers' most recent fiscal year end. In that circumstance, the requirements of paragraph 7 are effective for that employer on or after June 30, 2017 or the 2017-18 fiscal year. The City has early implemented this pronouncement, with the exception of the requirements of paragraph 7, effective July 1, 2015. Management has not determined the effect of the provisions of paragraph 7 that are effective for periods beginning after June 15, 2017 or the 2017-18 fiscal year.

Accounting Pronouncements Effective in Future Fiscal Years

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 No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The requirements of the Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, or FY 2016-17. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Effect of New Accounting Standards (Continued)

Accounting Pronouncements Effective in Future Fiscal Years (Continued)

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 the Statement is to address the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated. The Statement is effective for periods beginning after June 15, 2016, or the 2016-2017 fiscal year. The pronouncement is applicable to OPEB plans. The City has not determined the effect of the statement.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The objective of the Statement is to replace the requirements of GASB Statement No. 45. In addition, the Statement requires governments to report a liability on the face of the financial statements for the OPEB provided and requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The Statement is effective for the periods beginning June 15, 2017, or the 2017-2018 fiscal year. The City has not determined the effect of the statement.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The Statement requires state and local governments to disclose information about tax abatement agreements. The Statement is effective for the periods beginning after December 15, 2015, or the 2016-2017 fiscal year. The City has not determined the effect of the statement.

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 require 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, or the 2016-2017 fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. The City has not determined the effect for those provisions that are effective for periods beginning after December 15, 2015 or the 2016-17 fiscal year.

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, or the 2016-2017 fiscal year. The City has not determined the effect of the statement.

CITY OF WALNUT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Effect of New Accounting Standards (Continued)

Accounting Pronouncements Effective in Future Fiscal Years (Continued)

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of the Statement is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, the Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The Statement is effective for the reporting periods beginning after December 15, 2016, or the 2017-2018 fiscal year. The City has not determined the effect of the statement.

II. DETAILED NOTES ON ALL FUNDS

NOTE 2 – CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and investments	\$ 25,592,236
Cash with fiscal agent	579,858

Statement of Fiduciary Net Position:

Cash and investments	1,848,631
Cash with fiscal agent	4

Total Cash and Investments \$ 28,020,729

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

Cash on hand	\$ 1,751,119
Petty cash	1,300
Deposits with fiscal agent	579,862
Investments	25,688,448
Total Cash and Investments	<u><u>\$ 28,020,729</u></u>

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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.

Cash Deposits

At June 30, 2016, the carrying amount of the City's deposits was \$1,751,119 and the bank balance was \$881,188. The \$869,931 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

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that the Governmental Accounting Standards Board (GASB) Statements 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, 2016:

Investments	Fair Value	Fair Value Measurements Using:		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Federal Agency Securities	\$ 1,000,014	\$ -	\$ 1,000,014	\$ -
Medium Term Notes	502,446	-	502,446	-
Total	1,502,460	\$ -	\$ 1,502,460	\$ -
County Pool	3,438,341			
LAIF	20,747,647			
Money Market Account	579,862			
Total Investments	<u>\$ 26,268,310</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.

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.

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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, 2016, the City's participation is 0.012%. LACPIF has a weighted average maturity of 608 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

The City's investment policy does not limit investments in Federal Agency Securities and Medium term notes. As of June 30, 2016, 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, 2016, the City's investment in the General Electric medium term note was rated "A+" by Fitch rating. As of June 30, 2016, 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.

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. Investment maturities are limited as follows:

Maturity	Maximum Investment
Less than one year	25%
Up to 5 years	30%

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2016, the City had the following investments and original maturities:

	Remaining Investment Maturities				Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	
Federal Home Loan Bank	\$ -	\$ -	\$ 1,000,014	\$ -	\$ 1,000,014
General Electric Capital Corporation	-	-	502,446	-	502,446
Los Angeles County Investment Pool	3,438,341	-	-	-	3,438,341
California Local Agency Investment Fund	20,747,647	-	-	-	20,747,647
Money Market Account	579,862	-	-	-	579,862
	<u>\$ 24,765,850</u>	<u>\$ -</u>	<u>\$ 1,502,460</u>	<u>\$ -</u>	<u>\$ 26,268,310</u>

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 10,792,506	\$ -	\$ -	\$ 10,792,506
Construction in progress	1,103,296	1,219,881	1,103,296	\$ 1,219,881
Total Capital Assets Not Being Depreciated	<u>11,895,802</u>	<u>1,219,881</u>	<u>1,103,296</u>	<u>12,012,387</u>
Capital assets being depreciated:				
Buildings	21,066,878	1,245,366	-	22,312,244
Equipment	4,228,575	766,429	165,346	4,829,658
Infrastructure	98,647,896	45,967	732,137	97,961,726
Total Capital Assets Being Depreciated	<u>123,943,349</u>	<u>2,057,762</u>	<u>897,483</u>	<u>125,103,628</u>
Less accumulated depreciation for:				
Buildings	7,659,157	526,614	-	8,185,771
Equipment	3,473,431	177,970	165,346	3,486,055
Infrastructure	51,266,663	1,945,808	732,137	52,480,334
Total Accumulated Depreciation	<u>62,399,251</u>	<u>2,650,392</u>	<u>897,483</u>	<u>64,152,160</u>
Total Capital Assets Being Depreciated, Net	<u>61,544,098</u>	<u>(592,630)</u>	<u>-</u>	<u>60,951,468</u>
Governmental Activities Capital Assets, Net	<u>\$ 73,439,900</u>	<u>\$ 627,251</u>	<u>\$ 1,103,296</u>	<u>\$ 72,963,855</u>

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General government	\$ 161,036
Public Safety	7,606
Recreation and Parks	435,116
Public Works	<u>2,046,634</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,650,392</u></u>

NOTE 4 – LONG-TERM DEBT

Changes in Long-Term Debt

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance July 1, 2015	Additions	Deletions	Ending Balance June 30, 2016	Due within one year
Governmental Activities:					
OPEB obligation	\$ 436,377	\$ 103,568	\$ 2,866	\$ 537,079	\$ -
Net pension liability	4,261,237	203,747	-	4,464,984	-
Accrued employee benefits	364,961	329,071	322,160	371,872	328,621
Total	<u>\$ 5,062,575</u>	<u>\$ 636,386</u>	<u>\$ 325,026</u>	<u>\$ 5,373,935</u>	<u>\$ 328,621</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, 2016, is as follows:

Funds	Due From Other Funds
Due to Other Funds	General Fund
CDBG	<u>\$ 61,465</u>

The due to the General Fund of \$61,465 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.

CITY OF WALNUT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS (CONTINUED)

Funds	<u>Transfers Out</u> Other Governmental Fund
Transfers In:	
General	<u>\$ 209,696</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, (2) move receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Funds	<u>Advances From</u> Other Funds LOSMD
Advances To Other Funds:	
General	<u>\$ 250,870</u>

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

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 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.

CITY OF WALNUT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – FUND BALANCE (CONTINUED)

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 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.

	General	Community Development Block Grant	LOSMD	Low and Moderate Income Housing	Capital Improvement	Other Governmental Funds	Totals
Nonspendable:							
Prepaid items	\$ 626,512	\$ -	\$ -	\$ -	\$ -	\$ 2,738	\$ 629,250
Notes and loans	-	-	-	1,757,926	-	90,649	1,848,575
Advances to other funds	250,870	-	-	-	-	-	250,870
Total Nonspendable	877,382	-	-	1,757,926	-	93,387	2,728,695
Restricted:							
Community development	-	-	-	183,780	-	1,895,758	2,079,538
Public safety	-	-	-	-	-	134,169	134,169
Community services	-	-	-	-	-	1,026,385	1,026,385
Public works	-	-	865,560	-	-	3,009,674	3,875,234
Total Restricted	-	-	865,560	183,780	-	6,065,986	7,115,326
Committed:							
Disaster recovery	1,000,000	-	-	-	-	-	1,000,000
Assigned:							
Community services	2,766,250	-	-	-	-	-	2,766,250
Maintenance & operations	8,467,719	-	-	-	-	-	8,467,719
Capital projects	-	-	-	-	2,065,878	-	2,065,878
Self Insurance	1,000,000	-	-	-	-	-	1,000,000
OPEB	757,275	-	-	-	-	-	757,275
Total Assigned	12,991,244	-	-	-	2,065,878	-	15,057,122
Unassigned:							
Unassigned	2,010,433	-	-	-	-	-	2,010,433
Total	\$ 16,879,059	\$ -	\$ 865,560	\$ 1,941,706	\$ 2,065,878	\$ 6,159,373	\$ 27,911,576

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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.

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 June 30, 2011.

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.

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 – PENSIONS PLAN (CONTINUED)

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

	Miscellaneous	PEPRA Miscellaneous
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
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	8.51%	6.24%

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 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 \$464,293 for the year ended June 30, 2016.

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

As of June 30, 2016, the City of Walnut reported net pension liabilities for its proportionate shares of the net pension liability of the plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 4,464,984

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, 2015, 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, 2014 rolled forward to June 30, 2015 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, 2014 and 2015 was as follows:

	Miscellaneous
Proportion - June 30, 2014	0.0686%
Proportion - June 30, 2015	0.0651%
Change - Increase (Decrease)	-0.0035%

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 – PENSIONS PLAN (CONTINUED)

For the year ended June 30, 2016, the City of Walnut recognized pension expense of \$218,652. At June 30, 2016, 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	\$ 464,293	\$ -
Changes in Proportion and Difference between City's Contributions and the proportionate share of contributions	-	574,180
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	118,181
Differences between expected and actual experience	24,917	-
Changes in assumptions	-	235,742
Total	<u>\$ 489,210</u>	<u>\$ 928,103</u>

The amount of \$464,293 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2017	\$ (321,976)
2018	(321,976)
2019	(229,688)
2020	(29,546)
	<u>\$ (903,186)</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
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.

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 – PENSIONS PLAN (CONTINUED)

All other actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS’ website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%, which changed from 7.5% as of June 30, 2015. 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.

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	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%

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

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

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 – PENSIONS PLAN (CONTINUED)

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

The following presents the net pension liability/(asset) 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	\$ 7,290,477	\$ 4,464,984	\$ 2,141,324

Pension Plan Fiduciary Net Position

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

NOTE 8 – POST-EMPLOYEMENT 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 \$757,275 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.

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

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)	\$ 81,749
Interest on OPEB obligation	<u>21,819</u>
Annual OPEB cost	103,568
Contributions	<u>2,866</u>
Increase (Decrease) in net OPEB obligation	100,702
NET OPEB obligation (asset) June 30, 2015	<u>436,377</u>
Net OPEB obligation (assets) June 30, 2016	<u><u>\$ 537,079</u></u>

Annual OPEB Costs and Net OPEB Obligation (Asset)

For the fiscal year 2015-2016, the City’s annual OPEB cost (expense) was \$103,568. 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)
6/30/2014	\$ 84,587	\$ 908	1.07%	\$ 353,375
6/30/2015	85,283	2,281	2.67%	436,377
6/30/2016	103,568	2,866	2.77%	537,079

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

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
7/1/2014	\$ -	\$ 564,730	\$ 564,730	0.00%	\$ 2,572,098	20.52%

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 5.0% 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, 2016, was 22 years.

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 116 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. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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

Liability

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

For 2015-16, 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 x/s \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million x/s \$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.

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 2015-16, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

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

c. Purchased Insurance

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 \$30,179,348. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance

The City of 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.

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 2015-16.

The CJPIA has published its own financial report for the year ended June 30, 2016, 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, 2016**

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	\$	377,809
Cash with fiscal agent		4
	<u>\$</u>	<u>377,813</u>

b. Long-term Debt

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance <u>July 1, 2015</u>	Additions	Deletions	Ending Balance <u>June 30, 2016</u>	Due Within One Year
Fiduciary Activities:					
2013 Tax Allocation					
Refunding Bond	\$ 12,070,000	\$ -	\$ 3,170,000	\$ 8,900,000	\$ 3,300,000
SERAF Loan	1,796,512	-	38,586	1,757,926	-
Unamortized Bond Premiums/Discounts	640,167	-	160,042	480,125	-
Total	<u>\$ 14,506,679</u>	<u>\$ -</u>	<u>\$ 3,368,628</u>	<u>\$ 11,138,051</u>	<u>\$ 3,300,000</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, 2016 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, 2016**

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
2017	\$ 3,300,000	\$ 377,650
2018	3,435,000	245,650
2019	2,165,000	108,250
	<u>\$ 8,900,000</u>	<u>\$ 731,550</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 \$9,631,550 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 \$3,849,476 and the debt service obligation on the bond was \$3,674,450.

CITY OF WALNUT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

b. Long-term Debt (Continued)

Conduit Debt

The following issue of Commercial Revenue Bonds is *not* reflected in the basic financial statements because this bond is a special obligation payable solely from and secured by specific revenue sources described in the bond resolution and official statement of the respective issue. Neither the faith and credit nor the taxing power of the City, the Successor Agency for the former Walnut Improvement Agency, the State of California or any political subdivision thereof, is pledged for the payment of this bond:

Title	Original Amount	Outstanding June 30, 2016
Walnut Improvement Agency 1984 Commercial Revenue Bond	\$ 2,100,000	\$ -

This bond was issued on December 1, 1984, to provide funding for the acquisition and development of certain commercial facilities located in the City of Walnut known as the Commercial Ventures Project.

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.

CITY OF WALNUT, CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – SUBSEQUENT EVENT

Pursuant to Health and Safety Code section 34167.5, the State Controller's Office (SCO) reviewed all the asset transfers made by the Walnut Improvement Agency (RDA) to the City of Walnut (City) or any other public agency after January 1, 2011. The review applied to all assets including, but not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payment of any kind. The SCO also reviewed and determined whether any unallowable transfers to the City or any other public agency have been reversed. The review found that the RDA transferred \$12,460,594 in assets after January 1, 2011, including unallowable transfers totaling \$6,342,042 of the transferred assets. The unallowable transfers included \$442,129 to the City and \$5,899,913 to the Walnut Housing Authority. However, on December 20, 2013, the Walnut Housing Authority turned over \$5,899,913 plus interest to the Successor Agency. The remaining \$442,129 was determined to be unallowable where the SCO is requesting the monies turned over to the Successor Agency. As of the date of this report, the City is still waiting for a determination from the California Department of Finance.

NOTE 12 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the traffic safety fund, expenditures exceeded appropriations for transfers out in the amount of \$50,508. During the year, revenues surpassed budget due to more fines being issued and paid throughout the year. The transfers out captures the excess of revenues over expenditures.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF WALNUT, CALIFORNIA

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 16,099,618	\$ 16,099,618	\$ 16,099,618	\$ -
Resources (Inflows):				
Taxes	9,054,000	9,054,000	9,614,804	560,804
Licenses and permits	876,210	876,210	961,563	85,353
Intergovernmental	23,030	23,030	22,377	(653)
Charges for services	1,329,070	1,387,570	1,839,232	451,662
Use of money and property	367,920	367,920	404,421	36,501
Fines and forfeitures	48,900	48,900	70,620	21,720
Miscellaneous	119,680	119,680	268,795	149,115
Transfers in	170,750	170,750	209,969	39,219
Amounts Available for Appropriations	28,089,178	28,147,678	29,491,399	1,343,721
Charges to Appropriations (Outflow):				
General government				
City council	151,200	121,574	114,562	7,012
City manager	190,540	195,416	195,027	389
Personnel	89,540	100,802	85,271	15,531
Risk management	295,620	229,985	188,893	41,092
City clerk	185,320	213,819	208,407	5,412
Elections	137,000	145,806	145,632	174
City treasurer	18,360	18,812	17,383	1,429
Finance	605,530	642,272	600,642	41,630
Computer services	-	3,408	(6,461)	9,869
City attorney	133,200	234,000	224,643	9,357
Administration	441,100	444,889	438,229	6,660
Community promotion	21,050	34,423	33,524	899
Family festival	52,500	52,335	48,907	3,428
Cable TV administration	66,440	71,199	51,950	19,249
SA Admin	250,000	255,760	189,430	66,330
Public safety administration	129,190	141,378	135,667	5,711
Business license enforcement	91,900	129,917	128,665	1,252
General law enforcement	2,991,500	3,017,884	3,017,409	475
Helicopter services	2,000	2,000	1,068	932
Crime prevention	142,500	143,123	140,352	2,771
Animal control	130,000	108,343	101,369	6,974
Emergency preparedness	29,910	36,235	27,964	8,271
Volunteers on patrol	700	700	445	255
Weed abatement	45,000	87,200	87,200	-
Planning	561,580	777,774	569,328	208,446
Code enforcement	228,440	280,530	271,855	8,675
Building and safety	415,960	451,512	442,645	8,867
BSEP - Bus Stop Enhancement		2,850	2,850	-
Environmental	397,770	548,923	246,065	302,858
Economic development	5,500	5,550	5,133	417
Recreation services	331,960	346,401	343,730	2,671
July 4 fireworks	52,850	51,868	21,121	30,747
Park maintenance	1,310,240	924,416	870,572	53,844
Equestrian trial maintenance	109,910	120,157	118,330	1,827
Special events	112,010	118,319	114,532	3,787
Aquatics	64,510	62,368	59,129	3,239
Excursions	76,720	78,260	78,114	146
Sports & Gymnasium	551,650	563,410	536,417	26,993
Leisure classes	69,980	100,590	93,606	6,984
Senior citizens center	382,100	385,575	364,912	20,663
Teen center	187,440	200,316	197,318	2,998
After school programs	21,590	23,593	22,379	1,214
Engineering and P.W. admin.	310,260	340,031	334,524	5,507
Street R-O-W maintenance	455,400	441,922	428,978	12,944
Storm Drain maintenance	50,000	114,000	112,032	1,968
Building Maintenance	434,990	99,991	94,384	5,607
Public works	292,490	345,807	345,043	764
Capital outlay	-	766,674	763,165	3,509
OPEB	3,000	-	-	-
Total Charges to Appropriations	12,626,450	13,582,117	12,612,340	969,777
Budgetary Fund Balance, June 30	\$ 15,462,728	\$ 14,565,561	\$ 16,879,059	\$ 2,313,498

CITY OF WALNUT, CALIFORNIA

**REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	160,390	160,390	129,793	(30,597)
Amounts Available for Appropriations	160,390	160,390	129,793	(30,597)
Charges to Appropriations (Outflow):				
Community development	160,390	160,390	129,793	30,597
Total Charges to Appropriations	160,390	160,390	129,793	30,597
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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,078,402	\$ 1,078,402	\$ 1,078,402	\$ -
Resources (Inflows):				
Assessments	2,138,800	2,138,800	2,109,527	(29,273)
Amounts Available for Appropriations	3,217,202	3,217,202	3,187,929	(29,273)
Charges to Appropriations (Outflow):				
Public works	2,274,670	2,322,419	2,287,925	34,494
Capital outlay	98,660	81,911	34,444	47,467
Total Charges to Appropriations	2,373,330	2,404,330	2,322,369	81,961
Budgetary Fund Balance, June 30	\$ 843,872	\$ 812,872	\$ 865,560	\$ 52,688

CITY OF WALNUT, CALIFORNIA

**REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 LOW AND MODERATE INCOME HOUSING FUND
 YEAR ENDED JUNE 30, 2016**

	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	\$ -
Resources (Inflows):				
Assessments	-	-	-	-
Amounts Available for Appropriations	<u>1,941,706</u>	<u>1,941,706</u>	<u>1,941,706</u>	<u>-</u>
Charges to Appropriations (Outflow):				
Community development	-	-	-	-
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,941,706</u></u>	<u><u>\$ 1,941,706</u></u>	<u><u>\$ 1,941,706</u></u>	<u><u>\$ -</u></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*
 AS OF THE FISCAL YEAR ENDING JUNE 30, 2016**

<u>Miscellaneous Plan</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0651%	0.0685%
Proportionate share of the net pension liability	\$ 4,464,984	\$ 4,261,023
Covered Payroll**	\$ 2,974,602	\$ 2,802,665
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	150.10%	152.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 two years are shown.

**Covered payroll represents earnable and pensionable compensation. Due to the implementation of GASB Statement No. 82, "Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 72", previous year's information has been revised accordingly.

***The discount rate used to measure the total pension liability was 7.65%, which changed from 7.5% as of June 30, 2015.

CITY OF WALNUT, CALIFORNIA

**REQUIRED SUPPLEMENTARY INFORMATION
 COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN
 SCHEDULE OF CONTRIBUTIONS
 LAST TEN YEARS*
 AS OF THE FISCAL YEAR ENDING JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
<u>Miscellaneous Plan</u>		
Actuarially Determined Contribution	\$ 464,293	339,472
Contribution in Relation to the Actuarially Determined Contribution	(464,293)	(339,472)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll**	\$ 3,052,439	\$ 2,974,602
Contributions as a Percentage of Covered Payroll	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 two years are shown.

**Covered payroll represents earnable and pensionable compensation. Due to the implementation of GASB Statement No. 82, "Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 72", previous year's information has been revised accordingly.

CITY OF WALNUT, CALIFORNIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
AS OF THE FISCAL YEAR ENDING JUNE 30, 2016**

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
7/1/2008	\$ -	\$ 351,255	\$ 351,255	0.00%	\$ 2,885,097	12.17%
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%

CITY OF WALNUT, CALIFORNIA

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

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.

Budget 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 **Gas Tax Fund** accounts for the City's proportionate share of gas tax monies collected by the State of California, which are used for street construction and maintenance.

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 used 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, 2016**

	Special Revenue Funds					
	Gas Tax	Traffic Safety	Park Improvement	COPS	Air Quality Improvements	Waste Management Administration
Assets						
Pooled cash and investments	\$ 496,063	\$ -	\$ 881,597	\$ 128,927	\$ 20,141	\$ -
Receivables:						
Accounts	-	5,632	-	-	-	25,605
Accrued interest	-	-	-	-	-	-
Deferred loans	-	-	-	-	-	-
Prepaid costs	-	2,738	-	-	-	-
Due from other governments	-	7,241	-	-	10,352	-
Total Assets	<u>\$ 496,063</u>	<u>\$ 15,611</u>	<u>\$ 881,597</u>	<u>\$ 128,927</u>	<u>\$ 30,493</u>	<u>\$ 25,605</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	79,186	6,141	-	197	897	-
Accrued liabilities	-	1,293	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Total Liabilities	<u>79,186</u>	<u>7,434</u>	<u>-</u>	<u>197</u>	<u>897</u>	<u>-</u>
Fund balances:						
Nonspendable:						
Notes and loans	-	-	-	-	-	-
Prepays	-	2,738	-	-	-	-
Restricted for:						
Community development	-	-	-	-	29,596	-
Public safety	-	5,439	-	128,730	-	-
Community services	-	-	881,597	-	-	25,605
Public works	416,877	-	-	-	-	-
Total Fund Balances	<u>416,877</u>	<u>8,177</u>	<u>881,597</u>	<u>128,730</u>	<u>29,596</u>	<u>25,605</u>
Total Liabilities and Fund Balances	<u>\$ 496,063</u>	<u>\$ 15,611</u>	<u>\$ 881,597</u>	<u>\$ 128,927</u>	<u>\$ 30,493</u>	<u>\$ 25,605</u>

CITY OF WALNUT, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds					
	Proposition C	Bikeway	Proposition A	State Park Grant	Used Oil Recycling Grant	General Recycling Grant
Assets						
Pooled cash and investments	\$ 933,276	\$ -	\$ 981,293	\$ 257	\$ 16,120	\$ -
Receivables:						
Accounts	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Deferred loans	-	-	-	-	-	-
Prepaid costs	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Total Assets	<u>\$ 933,276</u>	<u>\$ -</u>	<u>\$ 981,293</u>	<u>\$ 257</u>	<u>\$ 16,120</u>	<u>\$ -</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	40,659	-	30,993	257	7,653	-
Accrued liabilities	1,700	-	1,787	-	-	-
Unearned revenues	-	-	-	-	8,467	-
Total Liabilities	<u>42,359</u>	<u>-</u>	<u>32,780</u>	<u>257</u>	<u>16,120</u>	<u>-</u>
Fund balances:						
Nonspendable:						
Notes and loans	-	-	-	-	-	-
Prepays	-	-	-	-	-	-
Restricted for:						
Community development	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Public works	890,917	-	948,513	-	-	-
Total Fund Balances	<u>890,917</u>	<u>-</u>	<u>948,513</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 933,276</u>	<u>\$ -</u>	<u>\$ 981,293</u>	<u>\$ 257</u>	<u>\$ 16,120</u>	<u>\$ -</u>

CITY OF WALNUT, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Cable TV Education	Walnut Housing Authority	LACMTA Exchange	Proposition R	
Assets					
Pooled cash and investments	\$ 117,643	\$ 1,862,792	\$ 836	\$ 753,367	\$ 6,192,312
Receivables:					
Accounts	6,890	-	-	-	38,127
Accrued interest	-	2,534	-	-	2,534
Deferred loans	-	90,649	-	-	90,649
Prepaid costs	-	-	-	-	2,738
Due from other governments	-	-	-	-	17,593
Total Assets	<u>\$ 124,533</u>	<u>\$ 1,955,975</u>	<u>\$ 836</u>	<u>\$ 753,367</u>	<u>\$ 6,343,953</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	5,350	-	-	-	171,333
Accrued liabilities	-	-	-	-	4,780
Unearned revenues	-	-	-	-	8,467
Total Liabilities	<u>5,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,580</u>
Fund balances:					
Nonspendable:					
Notes and loans	-	90,649	-	-	90,649
Prepays	-	-	-	-	2,738
Restricted for:					
Community development	-	1,865,326	836	-	1,895,758
Public safety	-	-	-	-	134,169
Community services	119,183	-	-	-	1,026,385
Public works	-	-	-	753,367	3,009,674
Total Fund Balances	<u>119,183</u>	<u>1,955,975</u>	<u>836</u>	<u>753,367</u>	<u>6,159,373</u>
Total Liabilities and Fund Balances	<u>\$ 124,533</u>	<u>\$ 1,955,975</u>	<u>\$ 836</u>	<u>\$ 753,367</u>	<u>\$ 6,343,953</u>

CITY OF WALNUT, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds					
	Gas Tax	Traffic Safety	Park Improvement	COPS	Air Quality Improvements	Waste Management Administration
Revenues						
Assessments	\$ -	\$ -	\$ 998,454	\$ -	\$ -	\$ -
Intergovernmental	656,935	-	-	114,618	38,519	-
Use of money and property	5,264	-	-	1,127	163	-
Fines and forfeitures	-	206,391	-	-	-	-
Miscellaneous	-	-	-	-	-	100,736
Total Revenues	662,199	206,391	998,454	115,745	38,682	100,736
Expenditures						
Current:						
Public safety	-	63,376	-	61,712	-	-
Community development	-	-	-	-	59,626	-
Community services	-	-	-	-	-	-
Public works	822,841	-	-	-	-	-
Capital outlay	-	-	122,000	4,171	10,000	-
Total Expenditures	822,841	63,376	122,000	65,883	69,626	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(160,642)	143,015	876,454	49,862	(30,944)	100,736
Other Financing Sources (Uses)						
Transfers out	-	(134,838)	-	-	-	(75,131)
Total Other Financing Sources (Uses)	-	(134,838)	-	-	-	(75,131)
Net Change in Fund Balances	(160,642)	8,177	876,454	49,862	(30,944)	25,605
Fund Balances at Beginning of Year	577,519	-	5,143	78,868	60,540	-
Fund Balances at End of Year	\$ 416,877	\$ 8,177	\$ 881,597	\$ 128,730	\$ 29,596	\$ 25,605

CITY OF WALNUT, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds					
	Proposition		Proposition	State Park	Used Oil	General
	C	Bikeways	A	Grant	Recycling	Recycling
					Grant	Grant
Revenues						
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	452,222	-	543,529	27,248	8,500	8,194
Use of money and property	11,092	-	8,626	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>463,314</u>	<u>-</u>	<u>552,155</u>	<u>27,248</u>	<u>8,500</u>	<u>8,194</u>
Expenditures						
Current:						
Public safety	-	-	-	-	-	-
Community development	-	-	284,755	-	8,500	-
Community services	-	-	-	13,900	-	-
Public works	607,162	-	-	-	-	-
Capital outlay	-	-	-	-	-	8,194
Total Expenditures	<u>607,162</u>	<u>-</u>	<u>284,755</u>	<u>13,900</u>	<u>8,500</u>	<u>8,194</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(143,848)</u>	<u>-</u>	<u>267,400</u>	<u>13,348</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)						
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(143,848)	-	267,400	13,348	-	-
Fund Balances at Beginning of Year	<u>1,034,765</u>	<u>-</u>	<u>681,113</u>	<u>(13,348)</u>	<u>-</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 890,917</u>	<u>\$ -</u>	<u>\$ 948,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WALNUT, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Cable TV Education	Walnut Housing Authority	LACMTA Exchange	Proposition R	
Revenues					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ 998,454
Intergovernmental	27,250	-	836	338,337	2,216,188
Use of money and property	1,154	8,566	-	6,162	42,154
Fines and forfeitures	-	-	-	-	206,391
Miscellaneous	-	-	-	-	100,736
Total Revenues	<u>28,404</u>	<u>8,566</u>	<u>836</u>	<u>344,499</u>	<u>3,563,923</u>
Expenditures					
Current:					
Public safety	-	-	-	-	125,088
Community development	-	262,688	-	-	615,569
Community services	-	-	-	-	13,900
Public works	-	-	-	(39)	1,429,964
Capital outlay	44,708	-	-	-	189,073
Total Expenditures	<u>44,708</u>	<u>262,688</u>	<u>-</u>	<u>(39)</u>	<u>2,373,594</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,304)</u>	<u>(254,122)</u>	<u>836</u>	<u>344,538</u>	<u>1,190,329</u>
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	(209,969)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(209,969)</u>
Net Change in Fund Balances	(16,304)	(254,122)	836	344,538	980,360
Fund Balances at Beginning of Year	135,487	2,210,097	-	408,829	5,179,013
Fund Balances at End of Year	<u>\$ 119,183</u>	<u>\$ 1,955,975</u>	<u>\$ 836</u>	<u>\$ 753,367</u>	<u>\$ 6,159,373</u>

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GAS TAX FUND
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 577,519	\$ 577,519	\$ 577,519	\$ -
Resources (Inflows)				
Intergovernmental	696,620	696,620	656,935	(39,685)
Use of money and property	500	500	5,264	4,764
Amounts Available for Appropriations	<u>1,274,639</u>	<u>1,274,639</u>	<u>1,239,718</u>	<u>(34,921)</u>
Charges to Appropriates (Outflow)				
Public works	751,490	823,214	822,841	373
Total Charges to Appropriations	<u>751,490</u>	<u>823,214</u>	<u>822,841</u>	<u>373</u>
Budgetary Fund Balance, End of Year	<u>\$ 523,149</u>	<u>\$ 451,425</u>	<u>\$ 416,877</u>	<u>\$ (34,548)</u>

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Fines and forfeitures	144,000	144,000	206,391	62,391
Amounts Available for Appropriations	<u>144,000</u>	<u>144,000</u>	<u>206,391</u>	<u>62,391</u>
Charges to Appropriates (Outflow)				
Public safety	59,220	64,823	63,376	1,447
Transfer out	84,780	84,780	134,838	(50,058)
Total Charges to Appropriations	<u>144,000</u>	<u>149,603</u>	<u>198,214</u>	<u>(48,611)</u>
Budgetary Fund Balance, End of Year	<u>\$ -</u>	<u>\$ (5,603)</u>	<u>\$ 8,177</u>	<u>\$ 13,780</u>

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 PARK IMPROVEMENT FUND
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,143	\$ 5,143	\$ 5,143	\$ -
Resources (Inflows)				
Assessment	-	-	998,454	998,454
Amounts Available for Appropriations	<u>5,143</u>	<u>5,143</u>	<u>1,003,597</u>	<u>998,454</u>
Charges to Appropriates (Outflow)				
Capital Outlay	-	122,000	122,000	-
Budgetary Fund Balance, End of Year	<u>\$ 5,143</u>	<u>\$ (116,857)</u>	<u>\$ 881,597</u>	<u>\$ 998,454</u>

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
COPS
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 78,868	\$ 78,868	\$ 78,868	\$ -
Resources (Inflows)				
Intergovernmental	100,000	100,000	114,618	14,618
Use of money and property	250	250	1,127	877
Amounts Available for Appropriations	<u>179,118</u>	<u>179,118</u>	<u>194,613</u>	<u>15,495</u>
Charges to Appropriates (Outflow)				
Public safety	105,000	101,270	61,712	39,558
Capital outlay	450	4,180	4,171	9
Total Charges to Appropriations	<u>105,450</u>	<u>105,450</u>	<u>65,883</u>	<u>39,567</u>
Budgetary Fund Balance, End of Year	<u>\$ 73,668</u>	<u>\$ 73,668</u>	<u>\$ 128,730</u>	<u>\$ 55,062</u>

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENTS
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 60,540	\$ 60,540	\$ 60,540	\$ -
Resources (Inflows)				
Intergovernmental	36,900	36,900	38,519	1,619
Use of money and property	500	500	163	(337)
Amounts Available for Appropriations	<u>97,940</u>	<u>97,940</u>	<u>99,222</u>	<u>1,282</u>
Charges to Appropriates (Outflow)				
Community development	60,360	60,360	59,626	734
Capital outlay	-	10,000	10,000	-
Total Charges to Appropriations	<u>60,360</u>	<u>70,360</u>	<u>69,626</u>	<u>734</u>
Fund Balance, End of Year	<u>\$ 37,580</u>	<u>\$ 27,580</u>	<u>\$ 29,596</u>	<u>\$ 2,016</u>

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
WASTE MANAGEMENT ADMINISTRATION
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Miscellaneous	85,970	85,970	100,736	14,766
Amounts Available for Appropriations	<u>85,970</u>	<u>85,970</u>	<u>100,736</u>	<u>14,766</u>
Charges to Appropriates (Outflow)				
Transfer out	85,970	85,970	75,131	10,839
Total Charges to Appropriations	<u>85,970</u>	<u>85,970</u>	<u>75,131</u>	<u>10,839</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,605</u>	<u>\$ 25,605</u>

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION C
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,034,765	\$ 1,034,765	\$ 1,034,765	\$ -
Resources (Inflows)				
Intergovernmental	451,030	451,030	452,222	1,192
Use of money and property	5,000	5,000	11,092	6,092
Amounts Available for Appropriations	<u>1,490,795</u>	<u>1,490,795</u>	<u>1,498,079</u>	<u>7,284</u>
Charges to Appropriates (Outflow)				
Public works	191,570	701,990	607,162	94,828
Capital outlay	-	-	-	-
Total Charges to Appropriations	<u>191,570</u>	<u>701,990</u>	<u>607,162</u>	<u>94,828</u>
Fund Balance, End of Year	<u>\$ 1,299,225</u>	<u>\$ 788,805</u>	<u>\$ 890,917</u>	<u>\$ 102,112</u>

CITY OF WALNUT, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE

BIKEWAY

YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Intergovernmental	19,200	19,200	-	(19,200)
Amounts Available for Appropriations	19,200	19,200	-	(19,200)
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ 19,200	\$ 19,200	\$ -	\$ (19,200)

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION A
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 681,113	\$ 681,113	\$ 681,113	\$ -
Resources (Inflows)				
Intergovernmental	543,750	543,750	543,529	(221)
Use of money and property	500	500	8,626	8,126
Amounts Available for Appropriations	<u>1,225,363</u>	<u>1,225,363</u>	<u>1,233,268</u>	<u>7,905</u>
Charges to Appropriates (Outflow)				
Community development	320,200	322,905	284,755	38,150
Total Charges to Appropriations	<u>320,200</u>	<u>322,905</u>	<u>284,755</u>	<u>38,150</u>
Fund Balance, End of Year	<u>\$ 905,163</u>	<u>\$ 902,458</u>	<u>\$ 948,513</u>	<u>\$ 46,055</u>

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STATE PARK GRANT
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (13,348)	\$ (13,348)	\$ (13,348)	\$ -
Resources (Inflows)				
Intergovernmental	13,900	13,900	27,248	13,348
Amounts Available for Appropriations	<u>552</u>	<u>552</u>	<u>13,900</u>	<u>13,348</u>
Charges to Appropriates (Outflow)				
Community services	13,900	13,900	13,900	-
Total Charges to Appropriations	<u>13,900</u>	<u>13,900</u>	<u>13,900</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (13,348)</u>	<u>\$ (13,348)</u>	<u>\$ -</u>	<u>\$ 13,348</u>

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
USED OIL RECYCLING GRANT
YEAR ENDED JUNE 30, 2016**

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

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL RECYCLING GRANT
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Intergovernmental	8,010	8,010	8,194	184
Amounts Available for Appropriations	<u>8,010</u>	<u>8,010</u>	<u>8,194</u>	<u>184</u>
Charges to Appropriates (Outflow)				
Capital outlay	8,010	8,194	8,194	-
Total Charges to Appropriations	<u>8,010</u>	<u>8,194</u>	<u>8,194</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ (184)</u>	<u>\$ -</u>	<u>\$ 184</u>

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CABLE TV EDUCATION
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 135,487	\$ 135,487	\$ 135,487	\$ -
Resources (Inflows)				
Intergovernmental	25,000	25,000	27,250	2,250
Use of money and property	500	500	1,154	654
Amounts Available for Appropriations	<u>160,987</u>	<u>160,987</u>	<u>163,891</u>	<u>2,904</u>
Charges to Appropriates (Outflow)				
Capital outlay	45,000	45,000	44,708	292
Total Charges to Appropriations	<u>45,000</u>	<u>45,000</u>	<u>44,708</u>	<u>292</u>
Fund Balance, End of Year	<u>\$ 115,987</u>	<u>\$ 115,987</u>	<u>\$ 119,183</u>	<u>\$ 3,196</u>

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
WALNUT HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,210,097	\$ 2,210,097	\$ 2,210,097	\$ -
Resources (Inflows)				
Use of money and property	-	-	8,566	8,566
Amounts Available for Appropriations	<u>2,210,097</u>	<u>2,210,097</u>	<u>2,218,663</u>	<u>8,566</u>
Charges to Appropriates (Outflow)				
Community development	<u>272,390</u>	<u>681,556</u>	<u>262,688</u>	<u>418,868</u>
Total Charges to Appropriations	<u>272,390</u>	<u>681,556</u>	<u>262,688</u>	<u>418,868</u>
Fund Balance, End of Year	<u>\$ 1,937,707</u>	<u>\$ 1,528,541</u>	<u>\$ 1,955,975</u>	<u>\$ 427,434</u>

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
LACMTA EXCHANGE
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Intergovernmental	-	-	836	836
Amounts Available for Appropriations	-	-	836	836
 Fund Balance, End of Year	 \$ -	 \$ -	 \$ 836	 \$ 836

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION R
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 408,829	\$ 408,829	\$ 408,829	\$ -
Resources (Inflows)				
Intergovernmental	338,280	338,280	338,337	57
Use of money and property	2,500	2,500	6,162	3,662
Amounts Available for Appropriations	<u>749,609</u>	<u>749,609</u>	<u>753,328</u>	<u>3,719</u>
Charges to Appropriates (Outflow)				
Public works	-	-	(39)	39
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>(39)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 749,609</u>	<u>\$ 749,609</u>	<u>\$ 753,367</u>	<u>\$ 3,758</u>

CITY OF WALNUT, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,088,292	\$ 4,088,292	\$ 4,088,292	\$ -
Resources (Inflows)				
Miscellaneous	-	-	2,658	2,658
Amounts Available for Appropriations	<u>4,088,292</u>	<u>4,088,292</u>	<u>4,090,950</u>	<u>2,658</u>
Charges to Appropriates (Outflow)				
Community services	195,000	2,231,908	1,746,833	485,075
Capital outlay	<u>615,800</u>	<u>314,017</u>	<u>278,239</u>	<u>35,778</u>
Total Charges to Appropriations	<u>-</u>	<u>2,545,925</u>	<u>2,025,072</u>	<u>520,853</u>
Fund Balance, End of Year	<u>\$ 4,088,292</u>	<u>\$ 1,542,367</u>	<u>\$ 2,065,878</u>	<u>\$ 523,511</u>

CITY OF WALNUT

AGENCY FUNDS

June 30, 2016

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, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Assets				
Pooled cash and investments	\$ 649,185	\$ 914,657	\$ 93,020	\$ 1,470,822
Receivables:				
Accounts	-	404	-	404
Total Assets	<u>\$ 649,185</u>	<u>\$ 915,061</u>	<u>\$ 93,020</u>	<u>\$ 1,471,226</u>
Liabilities				
Accounts payable	\$ 10,446	\$ 85,175	\$ 83,042	\$ 12,579
Deposits payable	638,739	918,238	98,330	1,458,647
Total Liabilities	<u>\$ 649,185</u>	<u>\$ 1,003,413</u>	<u>\$ 181,372</u>	<u>\$ 1,471,226</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	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities:				
Net investment in capital assets	34,921,027	36,798,039	38,410,650	42,601,776
Restricted	18,036,990	26,653,736	20,089,665	15,843,757
Unrestricted	27,336,676	18,838,004	26,378,106	27,948,295
Total governmental activities net position	<u>80,294,693</u>	<u>82,289,779</u>	<u>84,878,421</u>	<u>86,393,828</u>
Primary government:				
Net investment in capital assets	34,921,027	36,798,039	38,410,650	42,601,776
Restricted	18,036,990	26,653,736	20,089,665	15,843,757
Unrestricted	27,336,676	18,838,004	26,378,106	27,948,295
Total primary government net position	<u>80,294,693</u>	<u>82,289,779</u>	<u>84,878,421</u>	<u>86,393,828</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.

2011	2012	2013	2014	2015	2016
48,251,887	78,094,495	75,278,786	73,612,972	73,439,900	72,963,855
13,095,293	14,388,254	13,450,385	8,289,678	8,212,469	7,115,326
24,845,765	21,046,710	22,305,101	21,025,425	14,584,364	15,184,940
86,192,945	113,529,459	111,034,272	102,928,075	96,236,733	95,264,121

48,251,887	78,094,495	75,278,786	73,612,972	73,439,900	72,963,855
13,095,293	14,388,254	13,450,385	8,289,678	8,212,469	7,115,326
24,845,765	21,046,710	22,305,101	21,025,425	14,584,364	15,184,940
86,192,945	113,529,459	111,034,272	102,928,075	96,236,733	95,264,121

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

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses:				
Governmental activities:				
General government	2,991,143	2,769,726	3,226,303	4,772,852
Public safety	3,088,598	3,329,302	3,340,472	3,521,482
Community development	1,997,573	1,202,761	2,178,134	2,281,597
Public works	5,229,276	7,445,082	7,371,765	5,721,516
Community services	3,335,099	3,483,986	3,772,843	3,638,317
Interest on long-term debt	1,895,126	1,842,909	1,753,614	1,658,288
Total governmental activities	<u>18,536,815</u>	<u>20,073,766</u>	<u>21,643,131</u>	<u>21,594,052</u>
 Total expenses	 <u>18,536,815</u>	 <u>20,073,766</u>	 <u>21,643,131</u>	 <u>21,594,052</u>
 Program revenues:				
Governmental activities:				
Charges for services:				
General government	418,788	436,607	252,838	435,446
Public safety	461,071	659,740	476,624	767,047
Community development	1,587	691	2,351,423	1,412
Public works	3,103,468	3,251,964	2,748,454	3,550,745
Community services	612,060	641,497	665,589	693,213
Operating contributions and grants	1,251,766	1,651,646	1,581,554	1,294,198
Capital contributions and grants	1,103,303	1,396,095	2,816,128	2,116,179
Total governmental activities	<u>6,952,043</u>	<u>8,038,240</u>	<u>10,892,610</u>	<u>8,858,240</u>
 Total program revenues	 <u>6,952,043</u>	 <u>8,038,240</u>	 <u>10,892,610</u>	 <u>8,858,240</u>
 Net (expenses) revenues				
Governmental Activities	(11,584,772)	(12,035,526)	(10,750,521)	(12,735,812)
 Total Net Expense	 <u>(11,584,772)</u>	 <u>(12,035,526)</u>	 <u>(10,750,521)</u>	 <u>(12,735,812)</u>

2011	2012	2013	2014	2015	2016
3,345,592	3,850,781	2,408,514	2,555,368	2,618,229	2,559,043
3,592,626	3,465,289	3,613,692	3,619,393	3,581,460	3,772,824
2,549,053	1,879,309	1,936,171	8,238,967	2,192,492	2,248,657
6,652,419	6,574,810	7,910,304	7,909,282	6,929,084	5,778,712
3,540,411	3,539,714	3,527,499	3,623,037	3,711,593	5,441,949
1,557,845	255,031	-	-	-	-
<u>21,237,946</u>	<u>19,564,934</u>	<u>19,396,180</u>	<u>25,946,047</u>	<u>19,032,858</u>	<u>19,801,185</u>
<u>21,237,946</u>	<u>19,564,934</u>	<u>19,396,180</u>	<u>25,946,047</u>	<u>19,032,858</u>	<u>19,801,185</u>
355,674	343,681	688,295	580,639	595,221	539,554
666,807	550,996	645,562	726,423	330,047	380,909
1,832	101,770	351,829	1,934	1,541	2,868
4,045,899	3,348,448	3,302,673	3,375,124	3,186,757	3,759,518
737,898	782,859	770,891	929,590	583,746	840,018
1,508,654	1,338,736	1,339,739	1,491,009	1,292,365	956,559
1,269,905	1,383,509	1,207,294	1,337,784	1,797,984	1,334,924
<u>8,586,669</u>	<u>7,849,999</u>	<u>8,306,283</u>	<u>8,442,503</u>	<u>7,787,661</u>	<u>7,814,350</u>
<u>8,586,669</u>	<u>7,849,999</u>	<u>8,306,283</u>	<u>8,442,503</u>	<u>7,787,661</u>	<u>7,814,350</u>
(12,651,277)	(11,714,935)	(11,089,897)	(17,503,544)	(11,245,197)	(11,986,835)
<u>(12,651,277)</u>	<u>(11,714,935)</u>	<u>(11,089,897)</u>	<u>(17,503,544)</u>	<u>(11,245,197)</u>	<u>(11,986,835)</u>

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

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:				
Governmental activities:				
Taxes				
Property taxes	8,928,958	9,037,419	9,206,489	9,027,185
Sales tax	1,604,594	1,381,501	1,211,247	1,176,710
Franchise tax	896,022	805,605	895,972	844,511
Business license tax	102,722	113,472	103,799	103,168
Other taxes	260,610	270,597	301,285	299,952
Motor vehicle in lieu, unrestricted	221,039	148,638	99,881	106,989
Use of money and property	2,300,378	2,207,738	1,429,481	741,999
Other general revenues	4,443	12,833	91,009	546,539
Transfers	-	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-
Total general revenues, transfers, & special item	<u>14,318,766</u>	<u>13,977,803</u>	<u>13,339,163</u>	<u>12,847,053</u>
Total primary government	<u>14,318,766</u>	<u>13,977,803</u>	<u>13,339,163</u>	<u>12,847,053</u>
Change in net position				
Governmental activities	<u>2,733,994</u>	<u>1,942,277</u>	<u>2,588,642</u>	<u>111,241</u>
Total Change in net position	<u>2,733,994</u>	<u>1,942,277</u>	<u>2,588,642</u>	<u>111,241</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.

2011	2012	2013	2014	2015	2016
9,108,449	9,347,081	5,641,664	5,995,275	6,238,354	6,408,855
1,410,358	1,322,741	1,413,944	1,345,722	1,573,976	1,890,516
850,101	872,593	902,198	950,452	963,244	936,650
101,437	102,540	105,198	104,661	99,520	109,615
304,384	285,819	316,607	325,627	330,536	359,008
184,471	25,938	24,158	24,386	24,009	22,377
477,150	496,394	158,230	582,911	468,085	447,621
14,044	78,242	32,711	68,313	18,248	839,581
-	-	-	-	-	-
-	26,520,101	-	-	-	-
<u>12,450,394</u>	<u>39,051,449</u>	<u>8,594,710</u>	<u>9,397,347</u>	<u>9,715,972</u>	<u>11,014,223</u>
12,450,394	39,051,449	8,594,710	9,397,347	9,715,972	11,014,223
<u>(200,883)</u>	<u>27,336,514</u>	<u>(2,495,187)</u>	<u>(8,106,197)</u>	<u>(1,529,225)</u>	<u>(972,612)</u>
<u>(200,883)</u>	<u>27,336,514</u>	<u>(2,495,187)</u>	<u>(8,106,197)</u>	<u>(1,529,225)</u>	<u>(972,612)</u>

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

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund:					
Reserved	803,550	328,238	524,422		
Unreserved	17,627,999	19,240,088	21,171,230		
Nonspendable:					
Prepaid costs				363,158	343,093
Notes and loans				-	-
Advances to other Funds				114,690	121,470
Long term receivable				-	95,948
Committed to:					
Disaster recovery				1,000,000	1,000,000
Self-insurance				1,000,000	1,000,000
Facility maintenance				4,226,617	3,916,439
Assigned to:					
Three Oaks Recreation Facility				2,350,000	2,350,000
Maintenance and operations				11,398,050	5,400,817
Other post-employment benefits				775,000	774,840
Self Insurance					
Unassigned				724,857	-
Total General Fund	<u>18,431,549</u>	<u>19,568,326</u>	<u>21,695,652</u>	<u>21,952,372</u>	<u>15,002,607</u>
All other governmental funds:					
Reserved	7,916,720	8,622,231	8,529,296		
Unreserved, reported in:					
Special Revenue Funds	6,355,428	6,756,155	5,419,127		
Debt Service Fund	1,926,700	2,056,878	2,148,160		
Capital Project Funds	10,295,167	9,335,739	8,707,745		
Nonspendable:					
Prepaid costs				1,537	-
Notes and loans				220,188	165,972
Advances to other Funds				1,622,009	1,955,626
Restricted for:					
Community development				13,302,416	10,495,156
Public safety				37,815	50,922
Community services				95,835	127,786
Public works				1,447,121	2,078,885
Capital projects				359,673	-
Debt service				600,897	342,544
Committed to:					
Capital projects				4,199,124	7,651,616
Assigned to:					
Capital Projects					
Unassigned				(77,080)	(172,254)
Total all other governmental funds	<u>26,494,015</u>	<u>26,771,003</u>	<u>24,804,328</u>	<u>21,809,535</u>	<u>22,696,253</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
348,764	363,096	388,722	33,268	626,512
-	-	-	-	-
121,470	146,470	250,870	250,870	250,870
95,948	95,948	-	-	-
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
400,000	1,000,000	1,000,000	1,000,000	-
3,457,687	2,922,039	2,805,957	2,764,643	-
2,450,000	2,800,000	2,800,000	2,799,845	2,766,250
5,489,465	5,682,585	6,047,785	6,311,725	8,467,719
763,637	763,331	762,422	760,142	757,275
				1,000,000
89,005	670,835	1,247,058	1,179,125	2,010,433
<u>14,215,976</u>	<u>15,444,304</u>	<u>16,302,814</u>	<u>16,099,618</u>	<u>16,879,059</u>
-	-	-	-	2,738
2,121,598	2,111,948	1,940,827	1,935,130	1,848,575
-	-	-	-	-
9,910,551	9,054,401	2,992,384	2,958,326	2,079,538
103,733	95,674	71,092	78,868	134,169
106,197	130,906	155,615	140,630	1,026,385
2,146,175	2,640,498	3,129,760	3,099,515	3,875,234
-	-	-	-	-
-	-	-	-	-
7,072,472	6,630,620	5,180,132	4,088,292	-
				2,065,878
(190,021)	-	-	(13,348)	-
<u>21,270,705</u>	<u>20,664,047</u>	<u>13,469,810</u>	<u>12,287,413</u>	<u>11,032,517</u>

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

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues:					
Taxes	11,518,871	12,115,450	11,737,578	11,407,058	11,630,777
Assessments	1,720,596	1,725,028	1,729,903	1,741,026	1,734,099
Licenses and permits	895,101	1,227,528	748,964	1,574,924	2,145,139
Intergovernmental	2,875,705	2,948,869	4,536,819	3,428,712	2,828,261
Charges for services	1,165,393	964,889	980,571	1,055,010	1,022,936
Use of money and property	2,300,378	2,207,738	1,429,481	741,999	477,150
Developer participation	-	-	2,350,000	-	-
Fines and forfeitures	393,921	639,872	422,324	633,644	546,526
Miscellaneous	405,880	371,726	312,789	957,482	340,414
Total Revenues	<u>21,275,845</u>	<u>22,201,100</u>	<u>24,248,429</u>	<u>21,539,855</u>	<u>20,725,302</u>
Expenditures					
Current:					
General government	2,419,162	2,532,964	2,928,689	4,497,970	3,100,614
Public safety	3,073,687	3,318,783	3,331,531	3,510,790	3,582,217
Community development	1,997,573	2,186,114	2,178,134	2,281,597	2,489,606
Community services	2,937,080	3,067,167	3,327,550	3,206,592	3,115,808
Public works	3,101,371	5,333,110	4,838,161	3,363,288	3,774,075
Capital outlay	1,584,417	932,242	4,015,830	3,947,995	7,273,355
Debt service:					
Principal	1,730,000	1,790,000	1,810,000	1,835,000	1,865,000
Interest ¹ and fiscal charges	1,920,805	1,856,295	1,767,554	1,634,696	1,587,674
Refunding bond issuance costs	-	-	-	-	-
Total Expenditures	<u>18,764,095</u>	<u>21,016,675</u>	<u>24,197,449</u>	<u>24,277,928</u>	<u>26,788,349</u>
Excess (deficiency) of Revenues over Expenditures	<u>2,511,750</u>	<u>1,184,425</u>	<u>50,980</u>	<u>(2,738,073)</u>	<u>(6,063,047)</u>
Other financing sources (uses):					
Transfer in	6,726,187	2,291,082	1,353,392	2,217,414	8,711,865
Transfer out	(6,726,187)	(2,291,082)	(1,353,392)	(2,217,414)	(8,711,865)
Long-term debt	201,551	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>201,551</u>	<u>176,531</u>	<u>109,671</u>	<u>-</u>	<u>-</u>
Extraordinary gain/(loss) on dissolution of improvement agency²					
	-	-	-	-	-
Net change in fund balances	<u>2,713,301</u>	<u>1,360,956</u>	<u>160,651</u>	<u>(2,738,073)</u>	<u>(6,063,047)</u>
Debt service as a percentage of noncapital expenditures	20.82%	19.09%	17.44%	17.01%	17.14%

Note:

¹ 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.

² 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.

2012	2013	2014	2015	2016
11,948,178	8,401,800	8,774,933	9,093,952	9,614,804
2,395,879	2,528,470	2,279,176	2,159,654	3,107,981
763,812	551,181	754,435	785,402	961,563
2,722,436	2,818,365	2,910,075	3,127,876	2,368,358
1,094,615	1,374,600	1,602,320	1,174,295	1,839,232
496,394	158,230	582,911	468,085	446,575
-	-	-	-	-
412,855	513,458	555,806	205,560	277,011
596,470	796,899	433,390	363,783	372,189
<u>20,430,639</u>	<u>17,143,003</u>	<u>17,893,046</u>	<u>17,378,607</u>	<u>18,987,713</u>
3,630,711	2,176,693	2,371,357	2,382,053	2,536,035
3,436,171	3,552,795	3,573,524	3,570,802	3,765,218
1,879,309	1,874,757	2,030,856	2,135,562	2,248,657
3,105,704	3,122,136	3,214,069	3,302,231	5,006,833
3,737,040	5,099,226	4,732,064	4,709,398	5,385,612
1,935,343	695,726	2,156,903	2,664,154	520,813
1,935,000	-	-	-	-
776,240	-	-	-	-
-	-	-	-	-
<u>20,435,518</u>	<u>16,521,333</u>	<u>18,078,773</u>	<u>18,764,200</u>	<u>19,463,168</u>
(4,879)	621,670	(185,727)	(1,385,593)	(475,455)
6,754,359	291,609	2,614,325	896,984	209,969
(6,754,359)	(291,609)	(2,614,325)	(896,984)	(209,969)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(6,150,000)	-	-
-	-	(6,150,000)	-	-
(2,207,300)	-	-	-	-
<u>(2,212,179)</u>	<u>621,670</u>	<u>(6,335,727)</u>	<u>(1,385,593)</u>	<u>(475,455)</u>
14.28%	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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Residential	3,056,035	3,227,492	3,391,832	3,406,167	3,477,315
Commercial	123,929	145,469	151,021	156,814	161,741
Industrial	87,788	90,332	94,007	-	95,932
Government Owned	-	-	-	-	-
Institutional	7,656	7,809	7,965	10,708	10,682
Miscellaneous	371	379	386	394	393
Recreational	-	-	-	-	-
Vacant	13,527	13,645	16,254	17,812	17,762
SBE Nonunitary	1,199	101	101	168	168
Cross Reference	291	434	420	243	147
Unsecured	39,901	37,943	41,880	39,920	37,997
Exempt	[15,869]	[15,869]	[18,889]	[17,729]	[8,728]
Grand Total	<u>3,330,697</u>	<u>3,523,604</u>	<u>3,703,866</u>	<u>3,632,226</u>	<u>3,802,137</u>
Total Direct Rate	0.67863%	0.67793%	0.66247%	0.65709%	0.65386%

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 2006/07-2015/16 Combined Tax Rolls

2012	2013	2014	2015	2016
3,593,986	3,754,176	3,990,406	4,201,218	4,419,416
164,172	163,934	168,050	170,585	175,748
96,149	97,942	100,711	106,086	109,988
-	-	-	-	-
15,638	11,375	15,777	12,184	11,916
396	710	415	257	262
-	-	-	-	-
72,477	57,513	53,830	62,733	69,406
168	168	168	168	168
181	628	492	421	237
35,539	37,569	41,643	36,556	35,976
[8,728]	[8,728]	[8,728]	[8,728]	[8,596]
3,978,706	4,124,015	4,371,492	4,590,208	4,823,117
0.63601%	0.62656%	0.07616%	0.07479%	0.07362%

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

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessment Billings	1,723,680	1,723,710	1,723,680	1,723,680	1,723,680
Assessment Collected	1,720,595	1,725,027	1,729,902	1,741,027	1,734,099
Percentage Collected	99.8%	100.1%	100.4%	101.0%	100.6%

Source: City Finance Department

2012	2013	2014	2015	2016
2,392,180	2,522,580	2,274,560	2,138,800	2,138,800
2,395,879	2,538,270	2,279,177	2,159,654	2,109,527
100.2%	100.6%	100.2%	101.0%	98.6%

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

Fiscal Years	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
City Direct Rates:					
General Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:					
Los Angeles County	0.00066	0.00000	0.00000	0.00000	0.00000
LA County Flood Control District	0.00005	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00470	0.00450	0.00430	0.00430	0.00370
Mt. San Antonio Community College	0.02184	0.01750		0.02571	0.02636
Covina Valley Unified School District	0.08419	0.07870	0.07862	0.08592	0.09003
Pomona Valley Unified School District	0.12401	0.11379	0.11577	0.14546	0.17721
Pomona Usd 2008 Series C	0.00000	0.00000	0.00000	0.00000	0.00000
Rowland Unified School District	0.07429	0.06943	0.07028	0.06769	0.07538
Walnut Valley Unified School District	0.08749	0.08463	0.11296	0.11674	0.11839
Total Direct and Overlapping ² Tax Rates	<u>1.39723</u>	<u>1.36855</u>	<u>1.38193</u>	<u>1.44582</u>	<u>1.49107</u>
City's Share of 1% Levy Per Prop 13 ³	0.05202	0.05202	0.05202	0.05202	0.05202
General Obligation Debt Rate	-	-	-	-	-
Redevelopment Rate ⁴	1.00541	1.00450	1.00430	1.004300	1.003700
Total Direct Rate ⁵	0.67863%	0.67793%	0.66247%	0.65709%	0.65386%

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 RDA 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 2006/07-2015/16 Tax Rate Table

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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1.00000	1.00000	1.00000	1.00000	1.00000
0.00000	0.00000	0.00000	0.00000	0.00000
0.00000	0.00000	0.00000	0.00000	0.00000
0.00370	0.00350	0.00350	0.00350	0.00350
0.02642	0.02896	0.02023	0.02129	0.02154
0.08999	0.09500	0.11472	0.11426	0.11062
0.14943	0.18488	0.16407	0.16599	0.15364
0.02421	0.00000	0.00000	0.00000	0.00000
0.09195	0.10053	0.12297	0.14313	0.12426
0.11735	0.12554	0.11342	0.11510	0.09285
<u>1.50305</u>	<u>1.53841</u>	<u>1.53892</u>	<u>1.56328</u>	<u>1.50641</u>
0.05202	0.05202	0.05202	0.05202	0.05202
-	-	-	-	-
1.003700	-	-	-	-
0.63601%	0.62656%	0.07616%	0.07479%	0.07362%

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

Taxpayer	2016		2007		Business Type
	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	28,852,738	0.60%	25,229,700	0.76%	Apartments
Snow Creek Village West Partners	22,202,477	0.46%	15,339,240	0.46%	Commercial
Wesco Properties Inc	20,020,967	0.42%	-	0.00%	Commercial
Walnut Tech Business Center	19,946,854	0.41%	-	0.00%	Light Industrial/Commercial
Vogel Properties, Inc.	19,403,641	0.40%	17,016,454	0.51%	Light Industrial/Commercial
9429 Walnut Cake LLC	13,488,739	0.28%	6,956,209	0.21%	Commercial
Henns Investment Company	9,557,360	0.20%	8,041,193	0.24%	Industrial
Meadow Pass Estates LLC	9,179,820	0.19%	-	0.00%	Residential
Orange Grove Services	8,710,000	0.18%	-	0.00%	Commercial
Margaret Wang Trust	8,592,252	0.18%	-	0.00%	Commercial (Albertson's Store)
Ruey Cher & Tsu Kao	-	0.00%	18,860,911	0.57%	Commercial (Stater Bros)
Extra Space Properties Twenty One LLC	-	0.00%	6,664,802	0.20%	Self storage spaces
Fairway Injection Mold	-	0.00%	-	0.00%	Industrial
Vons Companies	-	0.00%	-	0.00%	Grocery Store
Walnut Hills Development 268 LLC	-	0.00%	9,972,731	0.30%	Commercial/Residential
San Jose Hills Road LLC	-	0.00%	-	0.00%	Apartment
Signal Walnut Partnership Limited	-	0.00%	-	0.00%	Commercial
Patrizio Rossi Trust	-	0.00%	-	0.00%	Commercial
Roman Catholic Archbishop of L.A.	-	0.00%	-	0.00%	Church
Walnut Senior Housing LLC	-	0.00%	-	0.00%	Developer
Urban Development Agency of Industry	-	0.00%	4,911,195	0.15%	Residential/Vacant
Dan & Sylvia Grestner Trust	-	0.00%	5,377,698	0.16%	Alamo Car Wash
Total	159,954,848	3.32%	118,370,133	3.55%	

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: City Finance Department, HdI, Coren & Cone, L.A. County Assessor 2015/16 Combined Tax Rolls

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

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Taxes levied for the fiscal year	1,120,941	1,152,549	1,199,873	1,211,478
Collected within the fiscal year:				
Amount	943,478	978,703	1,029,059	1,056,079
Percent of Levy	84%	85%	86%	87%
Total Tax Collection				
Amount	943,478	978,703	1,029,059	1,056,079
Delinquent Tax Collection	(2,560)	(1,552)	2,077	1,684

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

2011	2012	2013	2014	2015	2016
1,226,747	1,278,806	1,315,489	1,390,157	1,435,551	1,399,452
1,125,382	1,117,322	1,260,893	1,348,701	1,384,713	1,367,680
92%	87%	96%	97%	96%	98%
1,125,382	1,117,322	1,260,893	1,348,701	1,384,713	1,367,680
1,442	(22)	1,651	1,325	1,082	1,079

CITY OF WALNUT
Ratios of Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Walnut Improvement Agency: ¹				
Tax Allocation Refunding Bonds, Series 1999A	12,330,000	12,085,000	11,830,000	11,570,000
Walnut Public Financing Authority:				
Tax Allocation Revenue Bonds, Series 1992	3,190,953	2,197,484	1,137,155	-
Tax Allocation Revenue Bonds, Series 2002	<u>22,050,000</u>	<u>21,675,000</u>	<u>21,290,000</u>	<u>20,890,000</u>
Total Governmental Activities	37,570,953	35,957,484	34,257,155	32,460,000
Personal Income City of Walnut (in thousands) ²	986,046	1,025,427	1,037,202	1,017,320
Ratio of outstanding debt	3.81%	3.51%	3.30%	3.19%
Population	32,297	32,299	32,486	32,659
Total debt per capita	1,163	1,113	1,055	994

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 51-54 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 39.

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

2011	2012	2013	2014	2015	2016
10,840,000	-	-	-	-	-
-	-	-	-	-	-
19,755,000	-	-	-	-	-
30,595,000	-	-	-	-	-
1,022,357	985,249	996,456	1,019,743	1,041,477	1,045,685
2.99%	0.00%	0.00%	0.00%	0.00%	0.00%
29,439	29,661	29,947	30,112	30,257	30,152
1,039	-	-	-	-	-

CITY OF WALNUT
Direct and Overlapping Debt
June 30, 2016

	Outstanding Debt 6/30/16	Percentage Applicable To City	Estimated Share of Overlapping Debt
2013 Tax Allocation Ref Bond	12,070,000	100.000%	12,070,000
Metropolitan Water District*	44,916,916	6.094%	87,565
Mt. San Antonio CCD DS 2001, 2006 Series C	1,000,000	6.094%	60,941
Mt. San Antonio CCD DS 2001, 2008 Series D	1,000,924	6.094%	60,997
Mt. San Antonio CCD DS 2008 Series 13A	202,351,691	6.094%	12,331,422
Mt. San Antonio CCD DS 2008 Series 2013B	9,555,000	6.094%	582,287
Mt. San Antonio CCD DS 2013 Ref Series A	70,910,000	6.094%	4,321,294
Mt. San Antonio CCD DS 2013 Ref Series B	44,045,000	6.094%	2,684,126
Mt. San Antonio CCD DS 208 Ref Series 2015C	39,190,000	6.094%	2,384,604
Pomona USD DS Refunding 2000 Series A	14,110,000	0.007%	994
Pomona USD DS Refunding 2001 Series A	13,330,000	0.007%	939
Pomona USD DS 2007 Ref Bds	7,421,815	0.007%	523
Pomona USD DS 2008 Series A	4,650,000	0.007%	327
Pomona USD DS 2008 Series B	41,300,000	0.007%	2,908
Pomona USD DS 2008 Series C	10,105,000	0.007%	712
Pomona USD DS 2012 Refunding Bond Series A	25,115,000	0.007%	1,769
Pomona USD DS 2012 Refunding Bond Series B	14,000,000	0.007%	986
Pomona USD DS 2008 Series D QSCBS	24,285,000	0.007%	1,710
Pomona USD DS 2008 Series E	23,000,000	0.007%	1,620
Pomona USD DS 2008 Series F	18,320,000	0.007%	1,290
Pomona USD DS 2015 Ref Bonds	45,038,077	0.007%	3,172
Rowland Heights USD DS 2000 Series A	1,531,982	10.856%	166,316
Rowland Heights USD DS 2000 Series B	439,075	10.856%	47,667
Rowland Heights USD DS 2005 Ref Bonds	9,538,815	10.856%	1,035,561
Rowland Heights USD DS 2006 Series A	735,000	10.856%	79,794
Rowland Heights USD DS 2006 Series B	28,197,549	10.856%	3,061,206
Rowland Heights USD DS 2006 Series C (BABS)	12,000,000	10.856%	1,302,754
Rowland Heights USD DS 2006 Series D QSCB	20,150,000	10.856%	2,187,541
Rowland Heights USD DS 2006 Series E	557,451	10.856%	60,518
Rowland Heights USD DS 2012 Series A	72,410,000	10.856%	7,861,035
Rowland Heights USD DS 2013 Ref Bonds	111,219,972	10.856%	12,074,356
Walnut Valley USD DS 2000 Series E	16,694,951	33.827%	5,647,462
Walnut Valley USD DS 2007 Ser A (Measure S)	1,685,000	33.827%	569,991
Walnut Valley USD DS 2007 Ser A (Measure Y)	285,887	33.827%	96,708
Walnut Valley USD DS 2011 Refunding	27,329,521	33.827%	9,244,857
Walnut Valley USD DS 2012 Ref Bonds	5,585,000	33.827%	1,889,258
Walnut Valley USD DS 2014 Ref Bonds Series A	24,470,000	33.827%	8,277,556
Walnut Valley USD DS 2014 Ref Bonds Series B	40,660,000	33.827%	13,754,207
Total Direct and Overlapping Bonded Debt			<u>101,956,973</u>

2015-16 Assessed Valuation:

\$2,005,195,530 after deducting \$2,817,921,621 Incremental value

Debt to Assessed Valuation Ratios:	0.60%
	4.48%
	5.08%

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: HdI, Coren & Cone, L.A. County Assessor and Auditor Combined 2015/16 Lien Date Tax Rolls

CITY OF WALNUT
Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessed valuation	3,330,697,846	3,523,603,651	3,703,865,728	3,728,485,982	3,802,137,343
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	832,674,462	880,900,913	925,966,432	932,121,496	950,534,336
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	124,901,169	132,135,137	138,894,965	139,818,224	142,580,150
Total net debt applicable to limit: General Obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>124,901,169</u>	<u>132,135,137</u>	<u>138,894,965</u>	<u>139,818,224</u>	<u>142,580,150</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 2015/16 Combined Tax Rolls

2012	2013	2014	2015	2016
3,978,706,380	4,124,015,117	4,371,491,627	4,590,208,614	4,823,117,151
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
994,676,595	1,031,003,779	1,092,872,907	1,147,552,154	1,205,779,288
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
149,201,489	154,650,567	163,930,936	172,132,823	180,866,893
-	-	-	-	-
149,201,489	154,650,567	163,930,936	172,132,823	180,866,893
0.0%	0.0%	0.0%	0.0%	0.0%

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

Fiscal Year	2007	2008	2009	2010
Square Miles ¹	8.83	8.83	8.83	8.83
Number of Housing Units ²	8,597	8,624	8,681	8,713
Population (City of Walnut) ²	32,297	32,299	32,486	32,659
Personal Income City of Walnut (in thousands) ³	986,046	1,025,427	1,037,202	1,017,320
Per Capita Personal Income City of Walnut ³	30,789	32,058	32,351	31,432
Unemployment Rate City of Walnut ⁴	2.2%	2.4%	3.6%	5.6%
Average Annual Population % change ²	0.46%	0.01%	0.58%	0.53%

Sources:

¹ City Finance Department

² State Department of Finance.

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

⁴ Unemployment Data: State of California Employment Development Department.

2011	2012	2013	2014	2015	2016
8.83	8.83	8.83	8.83	8.83	8.83
8,808	8,867	8,908	8,909	8,911	8,925
29,439	29,661	29,947	30,112	30,257	30,152
1,022,357	985,249	996,456	1,019,743	1,041,477	1,045,685
31,304	33,217	33,274	33,865	34,573	34,680
6.2%	6.0%	4.5%	3.6%	5.9%	4.8%
-9.86%	0.75%	0.96%	0.55%	0.48%	-0.35%

CITY OF WALNUT
Principal Employer
Current Year and Nine Years Ago

<u>Employer</u>	<u>2016</u>		<u>Product/Services</u>	<u>2007</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	3,781	55%	Community College	2,754	48%
Ninas Mexican Foods, Inc.	118	2%	Manufacturer	-	0%
Ronsin Photocopy Inc.	124	2%	Photocopy Manufacturer	106	2%
Edro Engineering Company, Inc.	90	1%	Manufacture Mold Bases	91	2%
Stater Brothers Market	82	1%	Grocery Store	69	1%
Sodexo, Inc.	70	1%	Food Service Management	-	0%
Applebee's Neighborhood Grill	65	1%	Restaurant	82	1%
Vons #2167	58	1%	Grocery Store	72	1%
Mwave.com/Multiwave	57	1%	Computer Wholesales	96	2%
McDonald	53	1%	Fast-food	-	0%
Fairway Injection Molding System	58	1%	Manufacture Mold Bases	62	1%
Albertsons #6588	-	0%	Grocery Store	87	2%

Source: City Finance Department

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

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Function:					
General government	14	12	12	12	12
Public safety	1	2	2	2	2
Public works	4	4	4	4	4
Community development	10	9	9	9	9
Community services	<u>14</u>	<u>14</u>	<u>13</u>	<u>13</u>	<u>13</u>
Total	<u>43</u>	<u>41</u>	<u>40</u>	<u>40</u>	<u>40</u>

Note:

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

Source: City Finance Department

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
12	11	10	9	9
2	2	2	2	2
4	4	4	6	6
9	9	9	9	10
<u>11</u>	<u>11</u>	<u>11</u>	<u>10</u>	<u>10</u>
<u>38</u>	<u>37</u>	<u>36</u>	<u>36</u>	<u>37</u>

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

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Number of New Residential Units	33	67	18	45
Building Permit Valuation				
Residential	19,426,995	30,315,730	13,018,727	36,861,834
Non-Residential	1,504,145	1,545,030	1,234,263	4,640,346
Total	<u>20,931,140</u>	<u>31,860,760</u>	<u>14,252,990</u>	<u>41,502,180</u>
Number of Building Permit Issued	353	368	293	401
Bank Deposits	525,709,000	526,864,000	634,254,000	636,939,000

Source: City of Walnut Finance Department and City of Walnut Building Department

2011	2012	2013	2014	2015	2016
121	2	3	4	14	22
57,836,267	10,016,161	7,162,387	6,956,379	12,822,312	15,959,112
282,322	1,298,793	652,506	1,654,042	397,517	573,580
58,118,589	11,314,954	7,814,893	8,610,421	13,219,829	16,532,692
476	466	450	441	434	689
656,199,000	580,175,000	689,651,000	766,390,000	860,801,000	1,023,415,000

CITY OF WALNUT
Insurance in Force
June 30, 2016
(Unaudited)

<u>CARRIER</u>	<u>POLICY #</u>	<u>COVERAGE</u>	<u>AMOUNT OF COVERAGE</u>	<u>TERM</u>
Alliant Insurance	CRIME1516	Public Employees "O"	\$25,000 - \$1,000,000	07/01/2015-06/30/2016
		Theft "C"	\$25,000 - \$1,000,000	
		Forgery "B"	\$25,000 - \$1,000,000	
		Computer Fraud "F"	\$25,000 - \$1,000,000	
California Joint Powers Insurance Authority	B128410009W15	Real & Personal Property	\$ 30,179,348	07/01/2015-06/30/2016
		Earthquake/Flood	\$ -	
		Automobile Damage	\$ 456,722	
		Mechanical Breakdown	\$ 27,087,450	
		Fire and Ambulance Physical Damage	\$ -	
California Joint Powers Insurance Authority		General Liability	\$ 20,000,000	07/01/2015-06/30/2016
		Auto Liability	\$ 20,000,000	
		Workers' Compensation	\$ 10,000,000	
		Environmental/Pollution	\$ -	
		Cyber Liability	\$ 1,000,000	

Source: City Risk Management

CITY OF WALNUT
Operating Indicators by Function
Last Ten Fiscal Years

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Safety:				
Number of employees trained on Emergency Operation	42	42	2	16
Number of volunteers on patrol	14	14	14	14
Parking Citation Issued	2,877	2,708	2,787	3,723
Community Development:				
Planning Application Processed	125	128	109	111
Code Enforcement Complaint Response	462	430	475	439
Dial-A-Ride Members	3,481	3,642	3,785	3,869
Metrolink Passes Sold	2,699	2,839	2,907	2,616
Public Works:				
Street Resurfacing (square feet)	197,900	0	1,229,228	1,093,392
Parks and recreation:				
Number of recreation classes	264	731	417	300
Number of youth registered	4,800	8,081	5,153	4,939

Source: City Departments

2011	2012	2013	2014	2015	2016
16	60	60	60	50	50
15	12	9	12	15	30
2,490	2,423	1,779	1,436	2,275	3,688
153	148	136	150	154	156
453	535	601	789	775	801
4,192	4,447	4,618	4,069	4,338	4,521
2,328	2,264	2,028	1,729	1,524	1,421
661,025	301,545	21,000	228,360	1,944,687	2,303,654
400	236	500	750	683	650
4,800	4,706	6,000	6,500	5,500	5,250

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

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public Works:					
Street (Miles)	107	111	111	111	112
Street lights	1,755	1,771	1,785	1,784	1,814
Traffic signals	36	38	38	38	39
Parks and recreation:					
Parks	11	11	11	11	11
Teen Center	1	1	1	1	1
Senior Center	1	1	1	1	1
Total	<u>1,911</u>	<u>1,933</u>	<u>1,947</u>	<u>1,946</u>	<u>1,978</u>

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

2012	2013	2014	2015	2016
112	112	111	111	111
1,831	1,835	1,853	1,934	1,934
40	40	40	40	40
11	11	11	11	11
1	1	1	1	1
1	1	1	1	1
1,996	2,000	2,017	2,098	2,098

CITY OF WALNUT
Miscellaneous Statistics
June 30, 2016
(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	30,152
Land Area	8.83 Square Miles
Number of Parks	11
Park Areas	95 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	36 Full-time
Cost per Capita	\$646

Source: City Finance Department