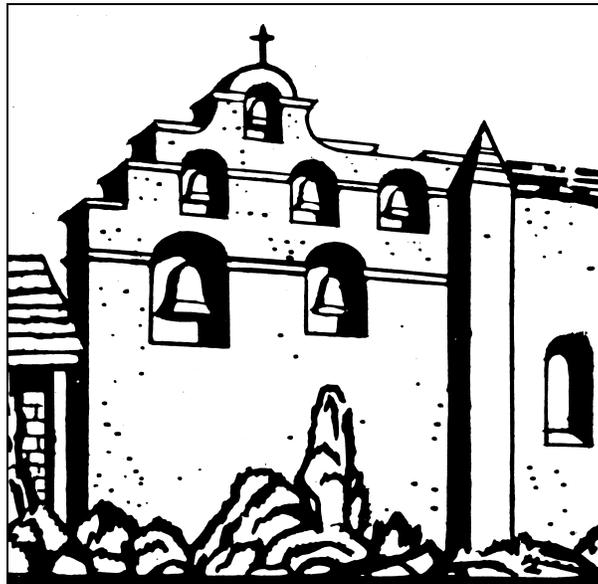


# CITY OF SAN GABRIEL CALIFORNIA



FOUNDED 1771  
*CITY WITH A MISSION*

## Comprehensive Annual Financial Report

Fiscal Year Ended  
June 30, 2015



**CITY OF SAN GABRIEL, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**WITH REPORT ON AUDIT**  
**BY INDEPENDENT**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**For the Year Ended June 30, 2015**

**Prepared by:**  
**FINANCE DEPARTMENT**  
**Thomas Marston**  
**Director of Finance**



**City of San Gabriel  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

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December 22, 2015

Honorable Mayor and City Council  
City of San Gabriel  
San Gabriel, California

State law requires that all local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of San Gabriel for the fiscal year ended June 30, 2015.

This report consists of management’s representations concerning the finances of the City of San Gabriel. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of San Gabriel has established a comprehensive internal control framework that is designed to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of San Gabriel’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of San Gabriel’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of San Gabriel’s financial statements have been audited by White, Nelson, Diehl, Evans LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of San Gabriel for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involve examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of San Gabriel’s financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of San Gabriel was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s

internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of San Gabriel’s separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of San Gabriel’s MD&A can be found immediately following the report of the independent auditors.

### ***City of San Gabriel Profile***

The City of San Gabriel is a historically rich residential community borne from the fact that the fourth California Mission was established in 1771. Due to this fact it has earned the moniker—“The Birthplace of the Los Angeles Region”. San Gabriel is located approximately 10 miles northeast of the City of Los Angeles and was incorporated in 1913 as a general law city which operates under the council-manager form of government. The City Council is comprised of five members who are elected at large serving a staggered term of four years. The City provides a full range of municipal services including police and fire protection, engineering and planning, street maintenance, traffic control, code enforcement, parks and recreation services, and general administrative activities. In addition to the preceding activities, the City is financially accountable for the City of San Gabriel Successor Agency. However, because this entity is not considered a component unit of the City its activities have not been blended into the reporting entity, but rather have be reported as a private-purpose trust fund in the fiduciary fund section of the financial statements.

The Budget serves as the foundation for the City of San Gabriel’s financial planning and control. All departments of the City of San Gabriel are required to submit requests for appropriation and the City Manager uses these requests as the starting point for developing a proposed budget. The Manager then presents this proposed budget to the Council for review prior to the Council holding public hearings on the proposed budget and to adopt a final budget by no later than June 30<sup>th</sup>. The appropriated budget is prepared by fund and function (e.g. Police, Fire.) Department heads may make transfers of appropriations within a department. Budget-to-actual comparisons are provided throughout the fiscal year for each individual governmental fund for which an appropriated annual budget has been adopted.

### ***Factors Affecting Financial Condition***

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of San Gabriel operates.

## **Local Economy**

San Gabriel has recovered from the recession, clearly evidenced by an increase in development activity over the past year. While development is robust now, development is expected to continue over the next few years with numerous mixed use projects, as well as, the construction of a Sheraton and a Hyatt Place hotel. The two main revenue sources for general government purposes are property taxes and utility user taxes. Property taxes have increased as properties have been sold and new developments are added to the tax rolls and utility user taxes continue to hold steady.

Four things contribute to the City's stable general government funding sources.

1. San Gabriel has a low percentage of industrial property and a stable commercial and residential core.
2. California's property tax system buffers the impact of falling property values on imposed taxes, but captures the economic increases because property taxes are calculated on assessed values which are adjusted upward as properties are sold, improved or developed.
3. No single employer dominates the list of San Gabriel's largest taxpayers. While this tempers assessed value growth, this uniformity eliminates the risk of dependence on one employer for economic stability.
4. The City's economy is linked with that of the entire San Gabriel Valley/Los Angeles Region.

San Gabriel's local economy is performing exceptionally well as there is renewed economic activity all over town. Local unemployment remains one of the lowest in the region and is a testament to the City's diverse economic base. The housing market has fully recovered and a new 88 unit housing development is being quickly sold out according to the developer. In Los Angeles County, the Auditor-Controller has indicated that the City of San Gabriel's assessed valuation has increased 5.5%. As San Gabriel remains a desirable location, both geographically and due to its many cultural amenities, home values locally are expected to remain strong. From an economic development perspective, the City is seeing interest in numerous projects, particularly multi-unit housing, office projects and national retailers looking to establish a presence in San Gabriel.

## **Long-term Financial Planning**

In 2007-08 the City began an annual process to produce a five year Capital Improvement Program document to better anticipate the costs of major projects and infrastructure improvements to the City. In 2008-09 the City also began adding to the regular pension set-aside to address anticipated retiree healthcare costs. These initiatives are incorporated into each fiscal year's capital improvement planning and budgetary processes.

San Gabriel has a rich history and a very bright future. While it is critically important that the City maintain strong fiscal health, the City must also continue to address a wide variety of infrastructure, risk management and pension related issues. Towards that end, major road and sewer improvement projects have been identified such as street improvement or intersection improvements projects on

Las Tunas, Broadway, and Del Mar, as well as, the planning and replacement of the Public Works Yard. The City's sewer system, also in need of improvements took a positive step forward with the implementation of a sewer user fee which will ensure the long-term viability of the system. In order to improve the City's risk profile and contain costs, the City has endeavored to collaborate with our Insurance Authority Risk Pool to implement a specific series of items under their "Loss Cap Program." Lastly, the City continues to be proactive to ensure employee pension obligations are properly funded. This is possible due to increasing revenues caused by new development of property that is sold at market prices. Consequently, this additional revenue is keeping pace with the increased pension costs stemming from people living longer in retirement and a reduced expected return on investible funds deposited with CalPERS.

### **Cash Management**

Cash temporarily idle during the year was invested in certificates of deposit, obligations of U.S. Treasury, mutual funds, and State investment pools. The City manages all of its cash and investments on a pooled basis with the exception of the Deferred Compensation funds that are managed by the appointed fiscal agents. Interest earnings are allocated to the various funds based on their share of cash and investment balances. The average yield on investments managed by the City was .6%.

### **Risk Management**

The City of San Gabriel is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The 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. At June 30, 2015, the claims payable for workers' compensation and general liability, based on information available to the City, were \$1,940,474 and \$0 respectively. Listed below are the Authority's coverage limits and method to spread the Authority's costs:

#### *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 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

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

### 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 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

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

## *Purchased Insurance*

### Pollution Legal Liability Insurance

The City of San Gabriel participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of San Gabriel. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

### Property Insurance

The City of San Gabriel participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of San Gabriel property is currently insured according to a schedule of covered property submitted by the City of San Gabriel to the Authority. City of San Gabriel property currently has all-risk property insurance protection in the amount of \$24,725,539. 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.

## *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 2014-15.

## **Pension and Other Post Employment Benefits**

The City of San Gabriel contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Beginning this year, the City has implemented GASB Statement 68 which significantly changed the financial accounting and reporting. This fact is the primary cause for the City's decrease in Total Net Position.

The City of San Gabriel also provides postretirement healthcare benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 98 retired employees receiving these benefits. With the implementation of GASB Statements 43 and 45 the City of San Gabriel now discloses the costs and liabilities associated with other post employment benefits such as retiree healthcare. Beginning in 2008-09, the City established a trust with PERS and has made six payments according to the other post employment benefits prefunding actuarial schedule.

## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Gabriel for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the twenty-fifth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report in accordance with GASB 34 financial reporting model was made possible by the dedicated work of the Finance Department Staff. Each member of the staff has our sincere appreciation for their contributions made in the preparation of the report. We would also like to thank the members of the City Council for their interest and support in planning and conducting the financial operations of the City, and to the White, Nelson, Diehl, Evans accounting firm for their professional assistance and expertise.

Respectfully submitted,



Steven A. Preston  
City Manager



Thomas C. Marston  
Finance Director

CITY OF SAN GABRIEL  
Officials of the City of San Gabriel  
June 30, 2015

CITY COUNCIL

Jason Pu – Mayor  
Chin Ho Liao – Vice Mayor  
Juli Costanzo  
John R. Harrington  
Kevin Sawkins

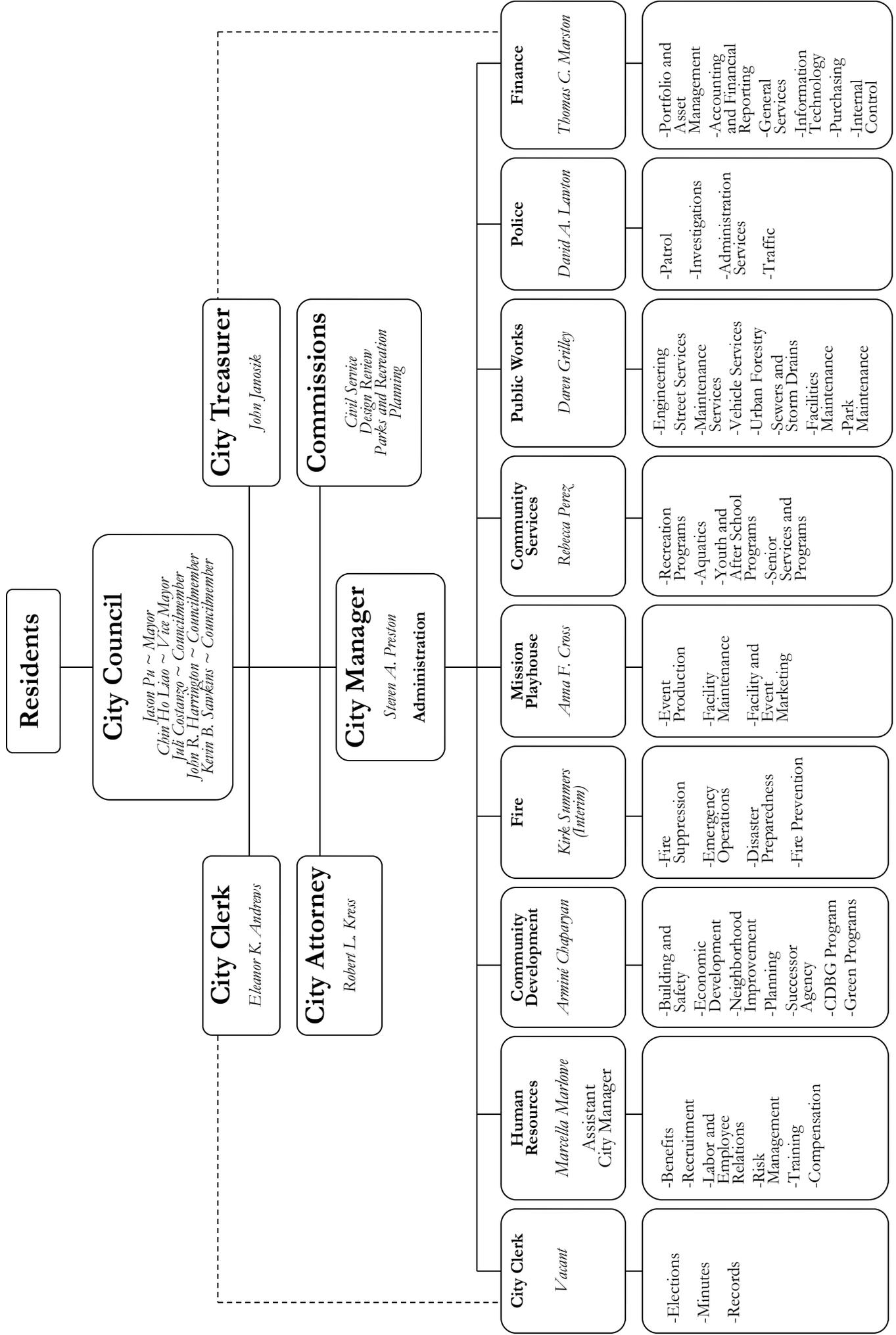
ELECTED OFFICIALS

Eleanor K. Andrews – City Clerk  
John Janosik – City Treasurer

ADMINISTRATION AND DEPARTMENT HEADS

City Manager	Steven A. Preston
Assistant City Manager	Marcella Marlowe
Police Chief	David Lawton
Interim Fire Chief	Kirk Summers
Director of Finance	Thomas Marston
Director of Community Development	Arminé Chaparyan
Director of Community Services	Rebecca Perez
Director of Public Works	Daren Grilley
Mission Playhouse Director	Anna Cross

# City of San Gabriel Organizational Chart





Government Finance Officers Association

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

Presented to

**City of San Gabriel  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
of the City of San Gabriel  
San Gabriel, 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 San Gabriel (the City), as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

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

## **Emphasis of Matter**

As discussed in Notes 1D and 14 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*". The adoption of these standards required retrospective application resulting in a \$49,516,481 reduction of previously reported governmental activities net position. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Report on Required Supplementary Information*

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

### *Other Information*

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

## **Other Matters (Continued)**

### *Other Information (Continued)*

The combining statements and individual fund schedules, as listed in the table of contents, 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 statements and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements taken 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 express no 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 22, 2015, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*White Nelson Dick Evans LLP*

Irvine, California  
December 22, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of San Gabriel's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the accompanying transmittal letter and basic financial statements.

### FINANCIAL HIGHLIGHTS

- The City's net position was restated from \$52.9 million to \$3.4 million as a result of the City's implementation of GASB statement No. 68, "Accounting and Financial Reporting for Pensions", and statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" an Amendment of GASB statement No. 68.
- The City's net position nearly doubled to \$6.6 million as a result of this year's operation.
- The total revenues from all sources equaled \$42.7 million.
- The total cost of all City programs equaled \$39.6 million.
- The General Fund reported a net change in fund balance of \$4.1 million.
- For the General Fund, actual resources available for appropriation (revenues and transfers-in) were less than the final budget by \$3.4 million, while actual expenditures and transfers out were \$11.1 million less than the budget.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

#### Reporting the City as a Whole

##### The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is, "As a whole, is the City better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and deferred outflows of resources as well as *all* liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's *net position* and changes in them. You can think of the City's net position--the difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources-- as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Governmental activities — All of the City’s basic services are considered to be governmental activities, including general government, community development, public safety, public works, community services and the Mission Playhouse. Property taxes, transient occupancy taxes, sales taxes, and vehicle license fees finance most of these activities.
- Component units— The City’s governmental activities historically included blending the San Gabriel Redevelopment Agency until its closure in fiscal year 2011-12. The San Gabriel Successor Agency has now accepted the role to "wind down" the enforceable obligations of the former redevelopment agency. In addition, this separate legal entity is now accounted for in a private-purpose trust account contained within the fiduciary funds section of the financial statements.

### **Reporting the City’s Most Significant Funds Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City’s two kinds of funds— *governmental and proprietary*—use different accounting approaches.

- *Governmental Funds*—Most of the City’s basic services are reported in governmental funds, which focus on how money flows in and out and the balances left at year-end that are available for spending. These funds are reported using the *modified accrual* method of accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City’s general government operation and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We describe the relationship between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation at the bottom of the fund financial statements.
- *Proprietary funds*—When the City charges its own department for certain services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

### **The City as Trustee Reporting the City’s Fiduciary Responsibilities**

The City is the trustee, or *fiduciary*, and fiduciary funds are used to account for resources for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. A private-purpose trust fund is used to present information of the San Gabriel Successor Agency and to account for receipt of incremental property tax and payment of enforceable obligations of the former redevelopment agency.

## THE CITY AS A WHOLE

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City’s governmental activities. The City has chosen to account for its Mission Playhouse operation as a Special Revenue Fund rather than in an enterprise fund. Therefore, no business type activities are reported in the government-wide statements.

**Table 1**  
**Statement of Net Position**  
**(in Millions)**

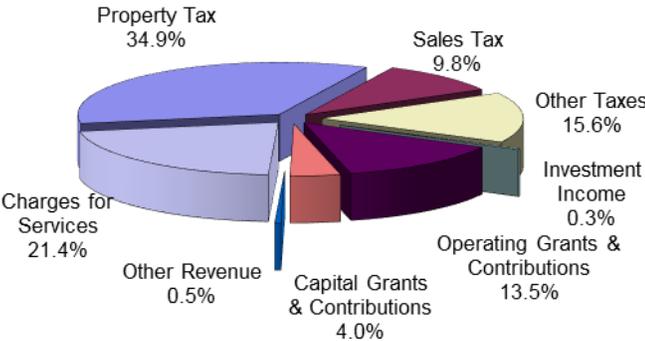
	Governmental Activities	
	<u>2015</u>	<u>2014</u>
Current and other assets	\$34.5	\$28.2
Advances to trust fund	1.3	1.3
Capital Assets	<u>46.6</u>	<u>39.7</u>
<b>Total Assets</b>	<b>\$82.4</b>	<b>\$69.2</b>
<b>Deferred outflows of resources:</b>	<b>4.3</b>	-
Current Liabilities	6.9	4.0
Noncurrent Liabilities	<u>63.5</u>	<u>12.3</u>
<b>Total Liabilities</b>	<b>70.4</b>	<b>16.3</b>
<b>Deferred inflows or resources:</b>	<b>9.7</b>	-
Net Position:		
Net investments in capital assets	38.9	39.7
Restricted for:		
Special projects	15.2	15.3
Unrestricted	<u>(47.5)</u>	<u>(2.1)</u>
<b>Total Net Position</b>	<b><u>6.6</u></b>	<b><u>52.9</u></b>
Implementation of GASB Statements 68 & 71		<u>(49.5)</u>
<b>Restatement of Prior Year Financial Statements</b>		<b><u>3.4</u></b>

The City’s net position from governmental activities increased 94% from a restated \$3.4 million to \$6.6 million. This restatement of the prior year financial statements is attributed to the implementation of Governmental Accounting Standards Board (GASB) Statement No.68, “Accounting and Financial Reporting for Pensions”, and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”, an Amendment of GASB Statement No. 68.

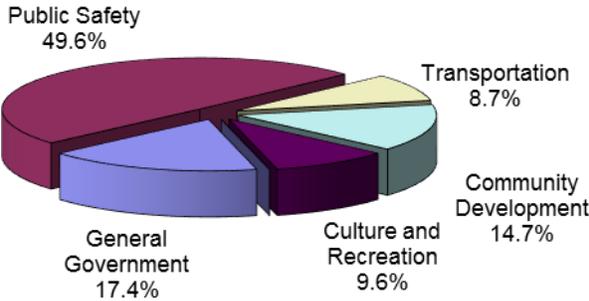
These Statements establish new standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefits payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

**FISCAL YEAR 2015 GOVERNMENTAL ACTIVITIES**  
(See Table 2)

**Sources of Revenue**  
**Total - \$42,722,645**



**Functional Expenses**  
**Total - \$39,592,241**



**Table 2**  
**Statement of Activities**  
**(in Millions)**

	Governmental Activities	
	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Program Revenues		
Charges for Service	\$ 9.1	\$ 5.8
Operating Contributions and Grants	5.7	4.1
Capital Contributions and Grants	1.7	.8
General Revenues		
Taxes		
Property Taxes	14.9	10.3
Utility User Taxes	4.5	4.6
Sales Taxes	4.2	4.2
Motor Vehicle in Lieu	-	3.8
Franchise Taxes	.6	.6
Transient Occupancy Taxes	1.5	1.4
Property Transfer Taxes	.2	.2
Investment Income	.1	.2
Other Revenue	<u>.2</u>	<u>.1</u>
Total Revenues	<u>42.7</u>	<u>36.1</u>
<b>Expenses</b>		
General Government	6.9	6.9
Public Safety	19.6	18.9
Transportation	3.4	2.1
Community Development	5.8	5.5
Culture and Recreation	3.8	3.3
Interest	<u>.1</u>	<u>-</u>
Total Expenses	<u>39.6</u>	<u>36.7</u>
<b>Increase (decrease) in net position</b>	<b><u>\$ 3.1</u></b>	<b><u>\$ (.6)</u></b>

Total revenue for the City was \$42.7 million, while the total cost of all programs and services was \$39.6 million. This is an 18% increase in revenue and an 8% increase in expenses over the prior year. Four million of the increase in Property Tax revenue resulted from the discontinuation of the Motor Vehicle in lieu tax. In the prior year, property tax revenues were swapped out to fund state programs and remitted to the City as Motor Vehicle in lieu tax. New development and real estate property sales accounted for the remaining increase. The increase in revenue from Charges for Service resulted from the introduction of the new Sewer User Fee during the fiscal year. Proceeds from Proposition A funds exchange and a Transportation Equity Act for the 21st Century (Tea 21) allocation contributed to the increase in operating and capital contributions and grants.

## Government Activities

Table 3 presents the interest cost as well as the cost of each of the City’s five largest programs—general government, public safety, transportation, community development and culture and recreation. The *net cost* (total cost less revenues generated by the activities) is also included in the table. The net cost shows the financial impact on the City’s taxpayers for each of these functions.

**Table 3**  
**Net Cost of Governmental Activities**  
**(in Millions)**

	Total Cost of Service		Net Cost of Service	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Expenses</b>				
General Government	\$6.9	\$6.9	\$(5.7)	\$(6.0)
Public Safety	19.6	18.9	(16.0)	(16.1)
Transportation	3.4	2.1	(1.4)	(.3)
Community Development	5.8	5.5	3.0	(1.2)
Culture and Recreation	3.8	3.3	(2.7)	(2.3)
Interest	<u>.1</u>	<u>-</u>	<u>(.1)</u>	<u>-</u>
Totals	<u>39.6</u>	<u>36.7</u>	<u>(22.9)</u>	<u>(25.9)</u>

- Community Development Net Cost decreased from negative 1.2 million to positive 3.0 million as result of amounts received for the new Sewer User Fee.
- Transportation net cost increased as result of the City’s exchange of \$1.1 million of Proposition A funds to the City of Industry so that the funds could be used for qualified projects.
- Interest costs originated due to a loan agreement of \$7.8 million which will be collateralized with a \$7.8 million ten-year certificate of deposit that is held with the lender. The loan proceeds will be used for the construction of a new public works maintenance facility.

## FINANCIAL ANALYSIS OF THE CITY’S FUNDS

At year-end the City’s governmental funds reported combined fund balances of \$26.5 million, which is a \$4.1 million increase from last year. Included in this amount is a net increase in fund balance for the General fund of approximately \$4.1 million.

- The City's General Fund Unassigned Fund Balance is over \$3.2 million. This exceeds the City's desire of having 10% of operating expenditures available for emergencies and for immediate appropriation. In addition, the City's Successor Agency currently owes the General Fund approximately \$1.2 million. This outstanding obligation resulted from the closure of the redevelopment agency. Once the Successor Agency receives approval through the ROPS process, a significant portion of the loan should be repaid. This former redevelopment loan makes up all of the General Fund's Non Spendable Fund Balance. Consequently, if the loan is repaid and the amount represented in the Non Spendable Fund Balance be added to the Unassigned Fund Balance, the amount available for emergencies and for immediate appropriation would be equal to 14% of operating expenditures. A new Public Works Facility is currently entering the final project construction stages and a new Police Station is through the design stage of planning. These two projects make up the largest portion of the City's Committed Fund Balance. Similar to the Nonspendable portion of the General Fund, the remaining funds for these two projects, while committed, could become available with appropriate City Council authorization. The combination of a stable property tax base and a relatively diversified sales tax revenue stream continues to ensure the City's revenues are not severely at risk for decline. Finally, City management continues its commitment to minimizing expenditures resulting in significant unspent appropriations at year end.
- Retirement fund revenues increased approximately \$499,000 due to a rise in assessed valuations over the prior year. Transfers out to other funds increased \$332,000 over the prior fiscal year to cover additional retirement costs. The retirement actuarial rates for the City's CalPERS defined benefit program have increased similar to other CalPERS member agencies. With the implementation of GASB 45, the City has established a trust account and continued to make payments under the prefunding plan that increases the payments to the trust account by 5% of the Annual Required Contribution each year.
- The Proposition C Fund balance decreased approximately \$712,000 reaching an ending fund balance of approximately \$1.2 million. The City has established this fund to improve local transit pursuant to the Los Angeles County MTA Local Return Guidelines.
- Community Development Block Grant Fund expenditures increased approximately \$585,000 as compared to the prior year. The increase was due to the implementation of two street improvement projects. The Streetscape Improvement Project and the Slum Blight Area Street Improvement Project were initiated to improve the condition of the City streets, as well as, meet the expenditure timeline requirements of the CDBG program.
- Other Grants Fund show a negative ending fund balance of approximately \$93,000 caused the delay of receiving reimbursements from granting agencies predominately relating to the Marshall Park Grant. The current year's expenditures of \$870,000 represent public safety outlays predominately associated with the Federal Homeland Security Grant Program and the initial costs associated with the construction of Marshall Park.

## General Fund Budgetary Highlights

Final expenditures for the General Fund at year-end were \$11.1 million less than the final budget. The budget to actual variance in appropriations was due to departments spending less than both their budget and historical averages. The positive appropriation variance would have been higher if not for the initiation of several construction projects which include the Public Works Facility. The project was anticipated to cost \$10.2 million and was in line with this projection at the end of fiscal year. A \$7.8 million loan, primarily used to fund the Public Works Facility, caused actual revenues to be substantially more than the final budget.

In some instances some operating departments exceeded their budget. Those specific instances are shown below.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
City Manager	\$ 513,223	\$569,185	\$ (55,962)
City Attorney	175,890	177,468	(1,578)
Finance	997,584	1,008,730	(11,146)
Human Resources	628,606	651,699	(23,093)
Fire	7,358,172	7,398,354	(40,182)
Neighborhood Improvement	220,035	222,692	(19,382)
Swimming Pool	184,949	204,331	(2,657)
Facility Maintenance	310,349	352,342	(41,993)
Recreation	227,214	243,096	(15,882)

Actual revenues were less than the final budget by \$3.2 million. \$1.4 million of the difference was due to a shortfall in license and permits revenue. The City had anticipated receiving revenues for the Sheraton and Hyatt hotel constructions projects, but construction was delayed into the 2015-16 fiscal year.

Budget amendments were made during the year to prevent budget overruns and to increase appropriation for unanticipated expenditures after adoption of the original budget. The most significant amendment to the original budget were for capital expenditures related to street improvement projects. The total for all projects totaled approximately \$12.6 million.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2015, the City had \$46.6 million invested in a broad range of capital assets, including police and fire equipment, buildings, land, park facilities and roads (See Table 4 below and refer to Note #4 on page 56 to the Financial Statements for additional information). This amount represents a net increase (including additions and deductions) of \$6.9 million or 17.0% higher than last year. Readers desiring more detailed information on Capital Assets activity will find it in the disclosure provided in the Basic financial Statements (Note #4 on page 56.)

**Table 4**  
**Capital Assets at Year-End**  
**(Net of Depreciation, in Millions)**

	Government Activities	
	<u>2015</u>	<u>2014</u>
Land & Construction in progress	16.1	9.7
Buildings & Improvements	7.3	7.6
Machinery & Equipment	3.4	3.0
Infrastructure	<u>19.8</u>	<u>19.4</u>
Totals	<u>46.6</u>	<u>39.7</u>

### Debt

On December 16, 2014, the City entered into a loan agreement with Citizens Business Bank for a loan of \$7.8 million. The loan proceeds are for the construction of the new public works maintenance facility. The loan is collateralized with a ten-year certificate of deposit held with the lender in the amount of \$7.8 million that is shown as restricted cash and investments in the financial statements. At year-end the City's liability for this loan was \$7,691,667, and the amount due within one year is \$260,000. Readers desiring more detailed information on debt will find it in the disclosure provided in the Basic Financial Statements (Note #5).

City's compensated absences for accumulated employee vacation and sick-time. At year-end the City's liability for Compensated Absences was \$2,883,144 or \$322,323 more than the prior year. Of the \$2,883,144, \$1,032,107 is anticipated to be due within one year.

City's claims payable are self-insurance programs to include General Liability, and Workers Compensation. At year-end the City's liability was \$1,940,474. The anticipated amount due within one year is \$582,142. For more detailed information on city's claims payable please see the disclosure provided in the Basic Financial Statements (Note #10).

In May 2015, the City entered into an installment sale agreement with the California Infrastructure and Economic Development Bank (IBank) to finance the Accelerated Great Streets Program, which will upgrade, reconstruct, and rehabilitate approximately 1.6 lane miles of public streets within the City. IBank has issued \$3.8 million tax-exempt bonds for which the City will submit reimbursement requests upon incurring project costs. During fiscal year 2014-2015, no loan proceeds were disbursed since the City did not incur project costs. At year end, the City's liability for this loan was \$0.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

As the Council's working blueprint for the year, the budget is the most critical component to implementation of the City's new, five-year strategic plan. The City has effectively and efficiently simplified the City's budget process. Meanwhile, the City is continuing to increase its outreach and online access to data through the Finance Department's "Budget Central" and the use of an online budget survey. Performance objectives in the strategic plan document also appear in the annual budget, as well as measurement data that the City is developing in order to show the community how its dollars are being spent.

The fiscal year 2015-16 budget continues the practice of using several methods of estimation to determine anticipated revenues and then "triangulating" to estimate the ultimate budget estimate. These estimates have neither an "aggressive" nor "conservative" bias, but rather represent the highest level of confidence point estimate. The fiscal year 2015-16 budget anticipates key City revenues including property tax, sales tax, and transient occupancy tax will increase during the 2015-16 fiscal year. In some cases such as property transfer tax, revenue growth is expected to be stronger than in recent years as the economy gains momentum and the initial effects of the recent increased property assessments are realized as a precursor to the actual building development.

For the City of San Gabriel, the clear positive economic trends are gaining momentum and increased revenues are signs that we have put the Great Recession in the distant past. Even though next year's budget anticipates increased revenues, sound financial planning requires the City to not make "over commitments" of resources and to accurately estimate both revenues and expenditures. Towards that end, the City's will follow a set of Financial Policies contained in the Budget that reaffirm the need to maintain and build City reserves.

Adding to the challenge of fiscal stability are cost increases, particularly the cost of City provided cafeteria benefits and contributions to the CalPERS pension system. Between July 2010 and July 2015 the City's pension contribution rates have increased 57% for tier 1 non-safety employees (from 18.136% to 28.422%) and 56% for tier 1 safety employees (from 29.879% to 46.494%). Since fiscal year 2008-09 and beginning January 1, 2015, the cost of City provided cafeteria benefits provided to each fulltime employee have risen 28% (from \$1,221 to \$1,567 per month). CalPERS recently provided information to member agencies regarding possible additional increases that will take place over the next several years as the pension system works to collect more funds to accurately reflect expected payouts and investment portfolio performance. Working cooperatively with the City's labor groups, a portion of increased pension costs have been partially off-set through agreement. In addition, all employees have also agreed to keep the employer contribution for cafeteria benefits capped at the \$1,567 per month amount.

Looking at the National level, the economic recovery continues to show signs of improvement despite global economic weakness among major international leaders such as Europe and China. The revised Second Quarter 2015 Gross Domestic Product (GDP) showed an annual increase of 3.9%. Imports decelerated in the 2nd quarter and also contributed to the growth in GDP. The national economy still faces risks from global economic issues and resulting strong dollar, which continues to have a detrimental effect on exports.

The State again adopted an on-time budget and its financial condition continues to improve. Continuing this trend, the California labor market showed an October 2015 unemployment rate of 5.8 percent down from a revised rate of 6.1 percent in August 2015. The improving condition of State finances is helping the City's own effort to sustain its local budget.

The State of California wrapped up June 2015 with a positive cash balance of \$2.5 billion. During the fiscal year, the State collected \$114.3 billion in revenue, \$894 million more than projected. A key factor impacting this increase was the increase in Personal Income Tax collections, reflecting an improving economy. However, this increase was offset by a decrease in Corporate Income Tax.

In addition, Proposition 30, the temporary increase of sales and use tax by  $\frac{1}{4}$  cent approved by the voters in 2012-13, helped to minimize a decrease in State Sales Tax revenue.

The fiscal 2015-16 budget maintains a positive financial position with adequate reserve levels. Infrastructure improvements are again taking center stage in fiscal year 2015-16 as construction is well under way on the \$350 million San Gabriel Trench Project, which by 2017 will lower the railroad tracks throughout the City. This project will improve safety near the tracks as well as ensure reliable response times for fire and police and reduce noise levels and vibrations for residents lining along the tracks. Other infrastructure projects included rehabilitating Del Mar Avenue from Mission Road south to Interstate 10, including new pavement and sewer repairs as part of the City's sewer master plan. The Budget also includes an allocation for the development of the Parks and Open Space Master Plan, a critical needed step to provide for acquisition and development of needed parks and recreational space. The 2015-16 budget reflects an increase in operating expenditures, equally offset by increases in revenue with the results producing a "balanced budget." The Budget did not recommend any new or increased fees and consequently the increased revenue is derived solely from the improved economy.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, please contact the City's Finance Department, at the City of San Gabriel 425 S. Mission Drive, San Gabriel, California 91776.

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# **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

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**City of San Gabriel**  
**Statement of Net Position**  
**June 30, 2015**

	<u>Primary Government Governmental Activities</u>
<b>ASSETS:</b>	
Current assets:	
Cash and investments	\$ 24,028,026
Restricted cash and investments	7,800,000
Accounts receivable	1,242,724
Interest receivable	32,515
Due from other governments	1,435,949
Prepaid costs	17,158
<b>Total current assets</b>	<u>34,556,372</u>
Noncurrent assets:	
Advance to trust fund	1,284,945
Capital assets:	
Nondepreciable assets	16,161,903
Depreciable assets, net	30,453,573
<b>Total noncurrent assets</b>	<u>47,900,421</u>
<b>Total assets</b>	<u>82,456,793</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred amounts on pension plans	4,294,908
<b>Total deferred outflows of resources</b>	<u>4,294,908</u>
<b>LIABILITIES:</b>	
Current liabilities:	
Accounts payable	3,592,339
Accrued liabilities	1,152,476
Due to other governments	260,557
Deposits payable	18,501
Long-term liabilities, due within one year	1,874,249
<b>Total current liabilities</b>	<u>6,898,122</u>
Noncurrent liabilities:	
Due in more than one year	10,641,036
OBEP obligation, due in more than one year	9,416,933
Net pension liability, due in more than one year	43,476,418
<b>Total noncurrent liabilities</b>	<u>63,534,387</u>
<b>Total liabilities</b>	<u>70,432,509</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred amounts on pension plans	9,760,678
<b>Total deferred inflows of resources</b>	<u>9,760,678</u>
<b>NET POSITION:</b>	
Investment in capital assets	38,923,809
Restricted	15,175,788
Unrestricted	(47,541,083)
<b>Total net position</b>	<u>\$ 6,558,514</u>

See accompanying notes to basic financial statements.

City of San Gabriel  
Statement of Activities  
For the year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 6,891,875	\$ 845,229	\$ 350,331	\$ -	\$ (5,696,315)
Public safety	19,628,528	2,894,409	539,230	206,349	(15,988,540)
Community development	5,782,405	4,597,675	3,479,694	693,143	2,988,107
Culture and recreation	3,809,983	814,717	10,272	236,097	(2,748,897)
Transportation	3,427,420	6,000	1,393,788	585,260	(1,442,372)
Interest	52,030	-	-	-	(52,030)
<b>Total governmental activities</b>	<b>\$ 39,592,241</b>	<b>\$ 9,158,030</b>	<b>\$ 5,773,315</b>	<b>\$ 1,720,849</b>	<b>(22,940,047)</b>
<b>General revenues:</b>					
Taxes:					
Property taxes					14,899,865
Utility users tax					4,480,156
Sales taxes					4,205,561
Franchise taxes					555,940
Transient occupancy taxes					1,453,521
Property transfer tax					155,164
Investment income					113,396
Other					206,848
<b>Total general revenues</b>					<b>26,070,451</b>
<b>Change in net position</b>					<b>3,130,404</b>
<b>Net Position - Beginning of Year, as Restated (Note 14)</b>					<b>3,428,110</b>
<b>Net Position - End of Year</b>					<b>\$ 6,558,514</b>

See accompanying notes to basic financial statements.

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# FUND FINANCIAL STATEMENTS

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

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**GOVERNMENTAL FUND**

**FINANCIAL STATEMENTS**

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**City of San Gabriel**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	Special Revenue Funds		
	General	Retirement	Proposition C Local Return
<b>ASSETS</b>			
Cash and investments	\$ 4,000,740	\$ 2,864,237	\$ 1,292,255
Restricted cash and investments	7,800,000	-	-
Accounts receivable	1,060,515	-	-
Interest receivable	32,515	-	-
Due from other funds	175,226	-	-
Due from other governments	867,167	79,156	-
Advance to trust fund	1,284,945	-	-
<b>Total assets</b>	<b>\$ 15,221,108</b>	<b>\$ 2,943,393</b>	<b>\$ 1,292,255</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 2,401,272	\$ -	\$ 18,190
Accrued liabilities	1,028,564	-	6,483
Due to other funds	-	-	-
Due to other governments	260,557	-	-
Deposits payable	-	-	-
<b>Total liabilities</b>	<b>3,690,393</b>	<b>-</b>	<b>24,673</b>
Deferred Inflows of Resources:			
Unavailable revenues	64,523	-	-
<b>Total deferred inflows of resources</b>	<b>64,523</b>	<b>-</b>	<b>-</b>
Fund Balances (Deficits):			
Nonspendable	1,284,945	-	-
Restricted	-	2,943,393	1,267,582
Committed	6,929,562	-	-
Assigned	15,093	-	-
Unassigned	3,236,592	-	-
<b>Total fund balances (deficits)</b>	<b>11,466,192</b>	<b>2,943,393</b>	<b>1,267,582</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 15,221,108</b>	<b>\$ 2,943,393</b>	<b>\$ 1,292,255</b>

See accompanying notes to basic financial statements

Special Revenue Funds (Continued)			
Community Development Block Grant	Other Grants	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 11,660,762	\$ 19,817,994
-	-	-	7,800,000
-	-	181,346	1,241,861
-	-	-	32,515
-	-	-	175,226
253,759	201,718	34,149	1,435,949
-	-	-	1,284,945
<u>\$ 253,759</u>	<u>\$ 201,718</u>	<u>\$ 11,876,257</u>	<u>\$ 31,788,490</u>
\$ 203,518	\$ 33,987	\$ 799,642	\$ 3,456,609
13,706	-	73,340	1,122,093
37,922	119,184	18,120	175,226
-	-	-	260,557
-	-	18,501	18,501
<u>255,146</u>	<u>153,171</u>	<u>909,603</u>	<u>5,032,986</u>
-	141,700	21,025	227,248
-	141,700	21,025	227,248
-	-	-	1,284,945
-	-	10,964,813	15,175,788
-	-	-	6,929,562
-	-	-	15,093
<u>(1,387)</u>	<u>(93,153)</u>	<u>(19,184)</u>	<u>3,122,868</u>
<u>(1,387)</u>	<u>(93,153)</u>	<u>10,945,629</u>	<u>26,528,256</u>
<u>\$ 253,759</u>	<u>\$ 201,718</u>	<u>\$ 11,876,257</u>	<u>\$ 31,788,490</u>

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

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Fund balances - total governmental funds		\$ 26,528,256
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. This amount does not include \$1,650,074 of internal service fund net capital assets.

Capital assets	\$ 114,151,345	
Accumulated depreciation	(69,185,943)	
		44,965,402

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities consist of the following:

Compensated absence - governmental activities	\$ (2,850,811)	
Compensated absences - internal service funds	(32,333)	
Other post-employment benefits payable	(9,416,933)	
Loan payable	(7,691,667)	
		(19,991,744)

Pension related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:

Deferred outflows of resources	\$ 4,294,908	
Deferred inflows of resources	(9,760,678)	
Pension liability	(43,476,418)	
		(48,942,188)

Internal service funds are used by management to charge the costs of activities such as equipment management to departments within the City. The assets and liabilities of the internal service funds are included in the Statement of Net Position.

3,771,540

Certain revenues in the governmental funds are deferred inflows of resources because they are not collected within the prescribed time period after year-end. However, these revenues are included in the government-wide statements.

Deferred inflows of resources - unavailable revenues		227,248
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<b>Net position of governmental activities</b>		<b>\$ 6,558,514</b>
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**City of San Gabriel**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds		
	General	Retirement	Proposition C Local Return
<b>REVENUES:</b>			
Taxes	\$ 15,569,657	\$ 6,169,420	\$ -
Intergovernmental	4,570,551	-	590,497
Charges for services	3,414,464	-	-
Fines and forfeitures	994,034	-	-
Licenses and permits	2,257,281	-	-
Investment income	142,987	30,574	12,704
Other	1,199,687	-	-
<b>Total revenues</b>	<b>28,148,661</b>	<b>6,199,994</b>	<b>603,201</b>
<b>EXPENDITURES:</b>			
Current:			
General government	6,811,618	-	-
Public safety	18,193,948	-	-
Community development	4,738,975	-	-
Culture and recreation	1,677,337	-	-
Transportation	-	-	530,321
Capital outlay	4,223,333	-	785,349
Debt service:			
Principal payments	108,333	-	-
Interest and fiscal charges	52,030	-	-
<b>Total expenditures</b>	<b>35,805,574</b>	<b>-</b>	<b>1,315,670</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(7,656,913)</b>	<b>6,199,994</b>	<b>(712,469)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from loan	7,800,000	-	-
Transfers in	4,639,824	-	-
Transfers out	(666,956)	(5,346,506)	-
<b>Total other financing sources (uses)</b>	<b>11,772,868</b>	<b>(5,346,506)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,115,955</b>	<b>853,488</b>	<b>(712,469)</b>
<b>FUND BALANCES (DEFICITS):</b>			
Beginning of year	7,350,237	2,089,905	1,980,051
End of year	<u>\$ 11,466,192</u>	<u>\$ 2,943,393</u>	<u>\$ 1,267,582</u>

See accompanying notes to basic financial statements

Special Revenue Funds (Continued)			
Community Development Block Grant	Other Grants	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 21,739,077
720,690	692,806	2,634,410	9,208,954
-	-	3,669,890	7,084,354
-	-	-	994,034
-	-	-	2,257,281
-	-	62,640	248,905
-	-	9,200	1,208,887
<u>720,690</u>	<u>692,806</u>	<u>6,376,140</u>	<u>42,741,492</u>
-	-	-	6,811,618
-	-	259,133	18,453,081
85,044	-	287,653	5,111,672
58,930	-	1,230,071	2,966,338
-	-	1,309,462	1,839,783
576,716	870,199	3,306,941	9,762,538
-	-	-	108,333
-	-	-	52,030
<u>720,690</u>	<u>870,199</u>	<u>6,393,260</u>	<u>45,105,393</u>
-	(177,393)	(17,120)	(2,363,901)
-	-	-	7,800,000
-	-	666,956	5,306,780
-	-	(600,000)	(6,613,462)
-	-	66,956	6,493,318
-	(177,393)	49,836	4,129,417
<u>(1,387)</u>	<u>84,240</u>	<u>10,895,793</u>	<u>22,398,839</u>
<u>\$ (1,387)</u>	<u>\$ (93,153)</u>	<u>\$ 10,945,629</u>	<u>\$ 26,528,256</u>

**City of San Gabriel**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes**  
**in Fund Balances to the Government-wide Statement of Activities**  
**For the year ended June 30, 2015**

Net change in fund balances - total governmental funds \$ 4,129,417

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 cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation and retirements in the current period. This does not include internal service fund activity of \$776,065 in additions and \$99,551 in depreciation expense.

Capital asset purchases	\$ 8,486,017	
Depreciation expense	(2,261,037)	
Disposals	<u>(23,014)</u>	6,201,966

To record as an adjustment to expense the net change in compensated absences in the statement of activities:

Compensated absences expenses - governmental activities	\$ (308,893)	
Compensated absences expenses - internal service funds	<u>(13,430)</u>	(322,323)

To record as an adjustment to expense the net change in other post-employment benefit liabilities in the statement of activities. (1,196,429)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and issuance cost of long-term debt consumes the current financial resources of the governmental funds. Issuance of loan principal is an other financing source and repayment of loan principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the Statement of Net Position. The amounts are the net effect of these differences in the treatment of long-term debt:

Repayment of principal	\$ 108,333	
Issuance of loan payable	<u>(7,800,000)</u>	(7,691,667)

Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources. 574,293

Internal service funds are used by management to charge the costs of activities such as equipment management to departments within the City. The net income is reported with Governmental Activities. The assets and liabilities of the internal service funds are included in the Statement of Net Position. 1,474,039

Certain revenues in the governmental funds are unavailable revenues because they are not collected within the prescribed time period after year-end. However, the revenues are included in the government-wide statements. (38,892)

**Change in net position of governmental activities** \$ 3,130,404

See accompanying notes to basic financial statements

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**PROPRIETARY FUND**

**FINANCIAL STATEMENTS**

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**City of San Gabriel**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Governmental Activities
	Internal Service Funds
<b>ASSETS:</b>	
Current assets:	
Cash and investments	\$ 4,210,032
Accounts receivable	863
Prepaid costs	17,158
<b>Total current assets</b>	<u>4,228,053</u>
Noncurrent assets:	
Capital assets:	
Being depreciated (net of accumulated depreciation)	1,650,074
<b>Total noncurrent assets</b>	<u>1,650,074</u>
<b>Total assets</b>	<u>5,878,127</u>
<b>LIABILITIES:</b>	
Current liabilities:	
Accounts payable	135,730
Accrued payroll	30,383
Compensated absences, due within one year	32,333
Claims payable, due within one year	582,142
<b>Total current liabilities</b>	<u>780,588</u>
Noncurrent liabilities:	
Claims payable, due in more than one year	1,358,332
<b>Total noncurrent liabilities</b>	<u>1,358,332</u>
<b>Total liabilities</b>	<u>2,138,920</u>
<b>NET POSITION:</b>	
Investment in capital assets	1,650,074
Unrestricted	2,089,133
<b>Total net position</b>	<u>\$ 3,739,207</u>

See accompanying notes to basic financial statements.

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

	Governmental Activities
	Internal Service Funds
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 6,151,604
<b>Total operating revenue</b>	<b>6,151,604</b>
<b>OPERATING EXPENSES:</b>	
Personnel services	260,962
Contractual services	36,509
Vehicle operating	477,051
Depreciation	99,551
Uniforms	2,681
Operating expenses	45
Insurance premiums	4,939,563
Claims and judgments	174,320
Capital outlay	27,040
<b>Total operating expenses</b>	<b>6,017,722</b>
<b>OPERATING INCOME</b>	<b>133,882</b>
<b>NONOPERATING REVENUES:</b>	
Investment income	20,045
<b>Total nonoperating revenues</b>	<b>20,045</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>153,927</b>
<b>TRANSFERS:</b>	
Transfers in	1,341,682
Transfers out	(35,000)
<b>Total transfers</b>	<b>1,306,682</b>
<b>CHANGE IN NET POSITION</b>	<b>1,460,609</b>
<b>NET POSITION:</b>	
Beginning of the year	2,278,598
End of the year	\$ 3,739,207

See accompanying notes to basic financial statements.

**City of San Gabriel**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2015**

	Governmental Activities
	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from user departments	\$ 6,150,741
Cash payments to suppliers for goods and services	(7,043,243)
Cash payments to employees for services	(242,400)
<b>Net cash used for operating activities</b>	<b>(1,134,902)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash received from other funds	1,341,682
Cash provided to other funds	(35,000)
<b>Net cash provided by noncapital financing activities</b>	<b>1,306,682</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Payments to acquire capital assets	(776,065)
<b>Net cash used for capital and related financing activities</b>	<b>(776,065)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received from investments	20,045
<b>Net cash provided by investing activities</b>	<b>20,045</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(584,240)</b>
<b>CASH AND CASH EQUIVALENTS:</b>	
Beginning of the year	4,794,272
End of the year	\$ 4,210,032
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED FOR BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 133,882
Adjustments to reconcile operating income to net cash used for operating activities:	
Depreciation expense	99,551
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(863)
(Increase) decrease in prepaid costs	(17,158)
Increase (decrease) in accounts payable	30,817
Increase (decrease) in accrued payroll	10,054
Increase (decrease) in compensated absences payable	13,430
Increase (decrease) in claims payable	(1,404,615)
<b>Net cash used for operating activities</b>	<b>\$ (1,134,902)</b>

See accompanying notes to basic financial statements.

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**FIDUCIARY FUND**

**FINANCIAL STATEMENTS**

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**City of San Gabriel**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	Successor Agency to the San Gabriel Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
	<u>Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS:</b>		
Cash and investments	\$ 569,725	\$ 1,292,710
Accounts receivable	1,471	-
<b>Total assets</b>	<u>571,196</u>	<u>\$ 1,292,710</u>
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	-	\$ 31,044
Deposits payable	-	1,261,666
<b>Total current liabilities</b>	<u>-</u>	<u>1,292,710</u>
<b>LONG-TERM LIABILITIES:</b>		
Advance from the City of San Gabriel	1,284,945	-
<b>Total long term liabilities</b>	<u>1,284,945</u>	<u>-</u>
<b>Total liabilities</b>	<u>1,284,945</u>	<u>\$ 1,292,710</u>
<b>NET POSITION:</b>		
Restricted for private purpose	<u>(713,749)</u>	
<b>Total net position</b>	<u>\$ (713,749)</u>	

See accompanying notes to basic financial statements.

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

	Successor Agency to the San Gabriel Redevelopment Agency Private-Purpose Trust Fund
<b>ADDITIONS:</b>	
Taxes	\$ 33,636
<b>Total additions</b>	<u>33,636</u>
<b>DEDUCTIONS:</b>	
Community development	<u>44,895</u>
<b>Total deductions</b>	<u>44,895</u>
<b>Change in net position</b>	(11,259)
<b>NET POSITION:</b>	
Beginning of Year	<u>(702,490)</u>
End of Year	<u><u>\$ (713,749)</u></u>

See accompanying notes to basic financial statements.

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**NOTES TO BASIC  
FINANCIAL STATEMENTS**

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**City of San Gabriel**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Description of Reporting Entity:

The City of San Gabriel (City) was incorporated April 24, 1913, under the general laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City is a municipal corporation governed by an elected five-member council.

As required by generally accepted accounting principles, these financial statements present the City of San Gabriel and its component unit, an entity for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. The City has no component units.

B. Basis of Accounting and Measurement Focus:

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

**Government-Wide and Fund Financial Statements**

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City of San Gabriel has no business-type activities or discretely presented component units. Certain eliminations have been made in regards to interfund transfers, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. 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. Internal service fund activity has been eliminated and net balances are included in the governmental activities. Interfund services provided and used, if any, are not eliminated in the consolidation process.

Government-wide financial statements are presented using the economic resources measurement focus and accrual basis of accounting. Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions, such grants, are recognized as revenue as soon as all eligibility requirements have been met.

Program revenues include charges for services and grants and contributions made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

**Fund Financial Statements**

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

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds. Fiduciary statements, even though excluded from the government-wide financial statements represent the private-purpose trust fund and agency fund. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

**Governmental Funds**

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of sixty days.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants 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 to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received by the government.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed nonexchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

**Governmental Funds (Continued)**

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect current assets or liabilities, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

**Proprietary Funds**

The City’s internal service funds are proprietary funds. Because the principal users of the internal services are the City’s governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public safety, community development, culture and recreation, or transportation). The City uses the internal service funds to account for self-insurance and automotive maintenance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

**Proprietary Funds (Continued)**

In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) associated with their activity are included on their statement of net position. Their reported fund equity presents total net position.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service funds are charges to departments for sales and services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the internal service funds are reported as a reduction of the related liability, rather than as an expenditure.

**Fiduciary Funds**

In the fund financial statements, fiduciary funds represent the private-purpose trust fund and agency fund.

The Private-Purpose Trust Fund accounts for the assets held by the City for the Successor Agency to the San Gabriel Redevelopment Agency in which principal and income benefit individuals, private organizations, or other governments. The private-purpose trust fund is reported using the economic resources measurement focus and the accrual basis of accounting.

The Agency Fund is custodial in nature and has no measurement focus, but utilizes the accrual basis for reporting its assets and liabilities.

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Major Governmental Funds, Internal Service Funds and Fiduciary Fund Types:

The City reports the following major governmental funds:

The General Fund is the primary fund of the City and is used to account for all revenues and expenditures of the City not legally restricted as to use. A broad range of municipal activities are provided through this fund including City Manager, City Attorney, Finance, City Clerk, Community Development, Public Safety and Culture and Recreation.

The Retirement Special Revenue Fund is used to account for the receipt of property taxes of a voter-approved tax levy and pay the City's cost of retirement for employees.

The Proposition C Local Return Special Revenue Fund is used to account for monies received from an allocation of sales tax revenue restricted to fund local transportation related activities in accordance with Proposition C regulations.

The Community Development Block Grant Special Revenue Fund is used to account for funds from the Community Development Block Grant for neighborhood improvement and rehabilitation purposes.

The Other Grants Special Revenue Fund is used to account for funds from the State and Federal grants for neighborhood improvement and rehabilitation purposes.

Additionally, the City reports the following fund types:

**Special Revenue Funds**

The Special Revenue Funds are used to account for the revenues derived from specific revenue sources, which are usually required by law or administrative regulation, to be accounted for in separate funds.

**Internal Service Funds**

The Internal Service Funds - These funds are used to finance and account for goods and services provided by one City department to other City departments. Goods and services provided include payments for the City's workers' compensation and general liability claims and operations of an automotive equipment maintenance facility.

**Fiduciary Funds**

The Private-Purpose Trust Fund is used to account for the assets, liabilities, and activities of the City of San Gabriel Successor Agency.

The Agency Fund is used to account for deposits collected by the City which will be refunded at some later date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. New Accounting Pronouncements:

**Current Year Standards**

In fiscal year 2014-2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *“Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27”* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68”*. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards decreased the governmental activities net position at July 1, 2014 by \$49,516,481.

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

**Pending Accounting Standards**

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

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

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Cash Equivalents:

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City of San Gabriel. Cash equivalents have an original maturity date of three months or less from the date of purchase. For purposes of the statement of cash flows, the entire balance of cash and investments on the combining statement of net position for the internal service funds is considered cash and cash equivalents.

F. Investments:

For financial reporting purposes, investments are adjusted to their fair value whenever the difference between fair market value and the carrying amount is material.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balances.

G. Prepaid Costs:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements.

H. 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" (short-term) or "advances to/from other funds" (long-term). Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance for noncurrent assets, as applicable in governmental funds to indicate that they do not constitute resources available for appropriation.

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

I. Capital Assets:

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

Capital assets include additions to public domain (infrastructure) fixed assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains. Infrastructure acquired prior to fiscal years ended June 30, 1980 is reported.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the internal service funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

Buildings and improvements	20 - 50 years
Machinery and equipment	5 - 20 years
Infrastructure	15 - 50 years

J. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items that qualify for reporting in this category. The first item is a deferred outflow related to pensions that is equal to employer contributions made after the measurement date of the net pension liability. The second item is a deferred outflow related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2013 (the beginning of the measurement period ended June 30, 2014), which is 3.8 years.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category.

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Deferred Outflows/Inflows of Resources (Continued):

The first item is unavailable revenues which are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: reimbursements and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.

K. Compensated Absences:

Permanent City employees earn from 10 to 20 vacation days, 12 holidays and 12 sick leave days a year. In addition, if an employee works overtime, they may receive compensatory time pursuant to the Fair Labor Standards Act. Upon termination, employees are paid for all unused vacation hours, holiday and compensatory time earned. Upon a service retirement, employees are paid one-third of accumulated sick leave and all of their accumulated vacation, holiday and compensatory time earned. The remaining unused accumulated sick leave is used to increase service credit pursuant to the California Public Employees Retirement System.

A liability is recorded for unused vacation, holiday and compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement. A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This liability is estimated by using 33% of the unused balances of employees age 51 and above and 10% of the unused balances of employees aged 45-50. Employees under age 45 are not estimated to receive termination payments, but are anticipated to receive the benefit of their unused sick leave through their service to the City.

L. Property Taxes:

Under California law, property taxes are assessed and collected by the counties up to 1 % of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City of San Gabriel accrues only those taxes that are received from the county within 60 days after year-end:

Lien Date:	March 1
Levy Date:	July 1 to June 30
Due Dates:	November 1 - 1 <sup>st</sup> installment March 1 - 2 <sup>nd</sup> installment
Collection Dates:	December 10 - 1 <sup>st</sup> installment April 10 - 2 <sup>nd</sup> installment

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Net Position:

In the Government-Wide Financial Statements and the proprietary and fiduciary fund financial statements, net position is classified in the following categories:

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

Restricted net position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

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

**Net Position Flow Assumptions**

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

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

N. Fund Balances:

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

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

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

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

N. Fund Balances (Continued):

Committed - Committed fund balance includes amounts that can be used only for specific purpose determined by the highest level of decision making. These committed amounts cannot be used for any other purpose unless the City removes or changes the specified use through the same type of formal action taken to establish the commitment. The City Council is considered the highest authority for the City and the adoption of a formal resolution prior to the end of the fiscal year is required to establish a fund balance commitment. This policy was adopted with City Council Resolution No. 11-18.

Assigned - Assigned fund balances encompass the amounts that can be used by the City for a specific purpose but are not restricted or committed. The City Council Resolution No. 11-18 designates the City Manager as the City Official to determine and define the amounts of those components of fund balance that are classified as “Assigned Fund Balance”.

Unassigned - This category is for any balances that have no restrictions placed upon them.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City’s policy is to apply restricted fund balance first.

When an expenditure is incurred for purposes for which committed, assigned and/or unassigned fund balance classifications could be used, and all those funds are available, the City will spend in the order of the committed, assigned and unassigned.

O. Pensions:

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

P. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

2. CASH AND INVESTMENTS:

**Cash and Investments**

Cash and investments as of June 30, 2015 were classified in the accompanying financial statements as follows:

	Government Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Cash and investments	\$ 24,028,026	\$ 1,862,435	\$ 25,890,461
Restricted cash and investments	<u>7,800,000</u>	-	<u>7,800,000</u>
Total cash and investments	<u>\$ 31,828,026</u>	<u>\$ 1,862,435</u>	<u>\$ 33,690,461</u>

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

Cash on hand	\$ 6,352
Deposits with financial institutions	20,517,028
Investments	<u>13,167,081</u>
Total cash and investments	<u>\$ 33,690,461</u>

Restricted cash and investments consist of a certificate of deposit in the amount of \$7,800,000 that matures on January 20, 2025. The certificate of deposit is pursuant to the requirements for collateral of the loan payable through the maturity date of the loan of January 21, 2025 (see Note 5). The City's investment policy limits the maximum maturity of certificates of deposit to 5 years. The investment in the 10 year certificate of deposit does not comply with the restrictions of the City's investment policy.

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, and concentration of credit risk.

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Government Sponsored Agency Securities	Yes	5 years	20%	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

2. CASH AND INVESTMENTS (CONTINUED):

**Investments Authorized by the California Government Code and the City's Investment Policy (Continued)**

Investment Types <u>Authorized by State Law</u>	Authorized by Investment <u>Policy</u>	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20% of basic value	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	10%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

\* Based on state law requirements or investment policy requirements, whichever is more restrictive.

N/A - Not Applicable

**Disclosures Relating to Interest Rate Risk**

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

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Months) 12 Months or Less</u>
Mutual Funds	\$ 199,153
Local Agency Investment Fund (LAIF)	12,967,928
Total	<u>\$ 13,167,081</u>

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Credit Risk**

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

Investment Type	Total as of June 30, 2015	Minimum Legal Rating	Aa2	Not Rated
Mutual Funds	\$ 199,153	A	\$ 199,153	\$ -
Local Agency Investment Fund	12,967,928	N/A	-	12,967,928
Total	\$ 13,167,081		\$ 199,153	\$ 12,967,928

N/A - Not Applicable

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2015, none of the City's deposits or investments was exposed to custodial credit risk.

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

2. CASH AND INVESTMENTS (CONTINUED):

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. INTERFUND TRANSACTIONS:

**Due To and Due From**

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

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Community Development Block Grant Special Revenue Fund	General Fund	\$ 37,922
Other Grants Special Revenue Fund	General Fund	119,184
Other Governmental Funds	General Fund	<u>18,120</u>
		<u>\$ 175,226</u>

The outstanding balances between funds result mainly from interfund borrowings to cover temporary cash shortfalls.

**Interfund Transfers**

The composition of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Retirement Special Revenue Fund (a)	\$ 4,004,824
	Other Governmental Funds (b)	600,000
	Internal Service Funds (c)	35,000
Other Governmental Funds	General Fund (d)	666,956
Internal Service Funds	Retirement Special Revenue Fund (a)	<u>1,341,682</u>
		<u>\$ 6,648,462</u>

Transfers are used to provide funding for (a) retirement costs, (b) gas tax qualified expenditures, (c) related to the fire engine acquisition, and (d) operating costs of Mission Playhouse/Facility.

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

4. CAPITAL ASSETS:

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

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 5,693,699	\$ -	\$ -	\$ 5,693,699
Construction in progress	4,042,658	6,776,312	(350,766)	10,468,204
Total capital assets, not being depreciated	<u>9,736,357</u>	<u>6,776,312</u>	<u>(350,766)</u>	<u>16,161,903</u>
Capital assets, being depreciated:				
Buildings and improvements	12,298,202	-	-	12,298,202
Machinery and equipment	10,139,926	963,216	(228,605)	10,874,537
Infrastructure	<u>74,881,648</u>	<u>1,873,320</u>	<u>-</u>	<u>76,754,968</u>
Total capital assets, being depreciated	<u>97,319,776</u>	<u>2,836,536</u>	<u>(228,605)</u>	<u>99,927,707</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,643,067)	(373,002)	-	(5,016,069)
Machinery and equipment	(7,166,932)	(509,298)	205,591	(7,470,639)
Infrastructure	<u>(55,509,138)</u>	<u>(1,478,288)</u>	<u>-</u>	<u>(56,987,426)</u>
Total accumulated depreciation	<u>(67,319,137)</u>	<u>(2,360,588)</u>	<u>205,591</u>	<u>(69,474,134)</u>
Total capital assets, being depreciated, net	<u>30,000,639</u>	<u>475,948</u>	<u>(23,014)</u>	<u>30,453,573</u>
Total capital assets, net	<u>\$ 39,736,996</u>	<u>\$ 7,252,260</u>	<u>\$ (373,780)</u>	<u>\$ 46,615,476</u>

Depreciation expense was charged to the following functions in the Statement of Activities:

General government	\$ 99,574
Public safety	344,624
Transportation	776,341
Community development	847,537
Culture and recreation	<u>292,512</u>
Total	<u>\$ 2,360,588</u>

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

5. LONG-TERM LIABILITIES:

Changes in long-term liabilities during the year ended June 30, 2015 were as follows:

	Balance at			Balance at			Due	Due in
	July 1, 2014	Additions	Deletions	June 30, 2015	Within	One Year	More Than	One Year
Loan payable	\$ -	\$ 7,800,000	\$ (108,333)	\$ 7,691,667	\$ 260,000		\$ 7,431,667	
Compensated absences	2,560,821	421,915	(99,592)	2,883,144	1,032,107		1,851,037	
Claims payable (Note 10)	<u>3,345,089</u>	<u>642,475</u>	<u>(2,047,090)</u>	<u>1,940,474</u>	<u>582,142</u>		<u>1,358,332</u>	
Total long-term liabilities	<u>\$ 5,905,910</u>	<u>\$ 8,864,390</u>	<u>\$ (2,255,015)</u>	<u>\$ 12,515,285</u>	<u>\$ 1,874,249</u>		<u>\$ 10,641,036</u>	

**Loan Payable**

On December 16, 2014, the City entered into a loan agreement with Citizens Business Bank for a loan of \$7,800,000. The loan proceeds were used for the construction of the new public works maintenance facility. Interest on the loan is computed on a 365/360 basis at an annual fixed interest rate of 1.6%. The City will repay the loan, beginning on February 21, 2015, in 119 principal payments of \$21,667 each and one final principal and interest payment of \$5,228,862 on January 21, 2025. In addition, the City will pay regular monthly payments of accrued unpaid interest due as of each payment date. The loan is collateralized with a ten-year certificate of deposit held with the lender in the amount of \$7,800,000 that is shown as restricted cash and investments in the financial statements.

The City has an option to extend the term of the loan for two additional 10 year periods. If the first option is utilized, the interest rate would increase by 1.0% to an annual rate of 1.6% and the loan would mature on January 21, 2035. If the second option is utilized, the rate would increase by 1.0% over the extended term rate to an annual rate of 2.6% and the loan would mature on January 21, 2045. Upon utilizing either option, the City would be required to collateralize the loan with a new ten year certificate of deposit held with the lender in the amount of the balance of the loan.

The annual requirements to amortize the loan payable outstanding at June 30, 2015 are as follows:

Fiscal Year Ending	Principal	Interest	Total
2016	\$ 260,000	\$ 121,160	\$ 381,160
2017	260,000	117,000	377,000
2018	260,000	112,840	372,840
2019	260,000	108,680	368,680
2020	260,000	104,520	364,520
2021 - 2025	<u>6,391,667</u>	<u>426,054</u>	<u>6,817,721</u>
	<u>\$ 7,691,667</u>	<u>\$ 990,254</u>	<u>\$ 8,681,921</u>

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

5. LONG-TERM LIABILITIES (CONTINUED):

**Installment Sale Agreement**

On May 1, 2015, the City entered into an installment sale agreement with the California Infrastructure and Economic Development Bank (IBank) to finance the accelerated great streets program, which will upgrade, reconstruct, and rehabilitate approximately 1.6 lane miles of public streets within the City. IBank has issued tax-exempt bonds for which the City will submit reimbursement requests upon incurring project costs. The City can utilize proceeds in an amount up to \$3,800,000. Interest accrues on the entire principal balance, whether or not disbursed, at an interest rate of 3.5% per annum. Principal and interest payments are due on each August 1 and February 1, commencing on August 1, 2016 and maturing on August 1, 2029. In addition, on August 1 of each year, the City must pay an annual fee of 0.3% on the outstanding principal component of the remaining principal balance.

In order to carry out its obligation, the City shall maintain a distinct fund separate and apart from other funds. All Measure R Revenues received shall be deposited in trust in a separate fund and shall be applied in the following order until the loan has matured: (1) establish a reserve account in the amount equal to \$443,957, (2) payment of annual debt service 0.3% fee, (3) payment for any lawful purpose allowed by Measure R. The Measure R activity is recorded in the other governmental funds Measure R Special Revenue Fund. During the fiscal year ended June 30, 2015, the Measure R revenues recognized in the governmental fund financial statements totaled \$441,868 and no principal and interest payments were due. During fiscal year 2014-2015, no loan proceeds were disbursed since the City did not incur project costs. The liability and outstanding balance at June 30, 2015, is \$0.

Fiscal Year Ending	Principal	Interest	Total
2016	\$ -	\$ -	\$ -
2017	214,969	228,988	443,957
2018	222,493	121,582	344,075
2019	230,280	113,659	343,939
2020	238,340	105,458	343,798
2021 - 2025	1,322,822	393,873	1,716,695
2026 - 2030	<u>1,571,096</u>	<u>141,252</u>	<u>1,712,348</u>
	<u>\$ 3,800,000</u>	<u>\$ 1,104,812</u>	<u>\$ 4,904,812</u>

**Compensated Absences**

The City's policies relating to compensated absences are described in Note 1K. This liability, amounting to \$2,883,144 at June 30, 2015, is expected to be paid in future years from future resources and is typically liquidated from the General Fund.

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

6. EXPENDITURES IN EXCESS OF APPROPRIATIONS:

Expenditures for the year ended June 30, 2015 exceeded the appropriations of the following departments/funds:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Funds:			
General Fund:			
City manager	\$ 513,223	\$ 569,185	\$ (55,962)
City attorney	175,890	177,468	(1,578)
Finance	997,584	1,008,730	(11,146)
Human resources	628,606	651,699	(23,093)
Fire	7,358,172	7,398,354	(40,182)
Neighborhood improvement	184,949	204,331	(19,382)
Swimming pool	220,035	222,692	(2,657)
Facilities maintenance	310,349	352,342	(41,993)
Recreation	227,214	243,096	(15,882)
Community Development Block Grant			
Special Revenue Fund:			
Capital outlay	510,974	576,716	(65,742)
Other Governmental Funds:			
Citizens Option for Public Safety			
Special Revenue Fund:			
Public safety	138,560	180,727	(42,167)
Mission Playhouse/Facility			
Special Revenue Fund:			
Culture and recreation	1,081,475	1,087,644	(6,169)
Street Light Special Revenue Fund:			
Transportation	-	24,950	(24,950)

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

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7. FUND DEFICITS:

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

Major Fund - Special Revenue Fund:		
Community Development Block Grant	\$	(1,387)
Major Fund - Special Revenue Fund:		
Other Grants		(93,153)
Other Governmental Special Revenue Fund:		
Office of Traffic Safety Grant		(19,184)

The deficits are expected to be remedied with future revenues or transfers.

8. DEFINED BENEFIT PENSION PLANS (CalPERS):

A. General Information about the Pension Plans:

**Plan Descriptions**

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

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

8. DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED):

A. General Information about the Pension Plans (Continued):

**Benefits Provided (Continued)**

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

	Miscellaneous		
	Tier I Prior to November 3, 2012	Tier II On or After November 3, 2012	Tier III - PEPRA On or After January 1, 2013
Hire date			
Benefit formula	2.7%@55	2%@60	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	8%	6.7%
Required employer contribution rates	21.875%	8.768%	6.7%

	Safety - Police		
	Tier I Prior to November 3, 2012	Tier II On or After November 3, 2012	Tier III - PEPRA On or After January 1, 2013
Hire date			
Benefit formula	3%@50	2%@50	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9%	9%	12.250%
Required employer contribution rates	37.310%	21.303%	12.250%

	Safety - Fire		
	Tier I Prior to November 3, 2012	Tier II On or After November 3, 2012	Tier III - PEPRA On or After January 1, 2013
Hire date			
Benefit formula	3%@50	2%@50	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9%	9%	12.250%
Required employer contribution rates	37.310%	21.303%	12.250%

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

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8. DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED):

A. General Information about the Pension Plans (Continued):

**Contributions**

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

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

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

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 11,128,292
Safety	32,348,126
Total Net Pension Liability	<u>\$ 43,476,418</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2013	0.42857%	0.82295%
Proportion - June 30, 2014	0.45027%	0.86239%
Change - Increase (Decrease)	0.02170%	0.03944%

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

8. DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED):

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

For the year ended June 30, 2015, the City recognized pension expense of \$3,554,225. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,128,518	\$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	166,390	-
Net differences between projected and actual earnings on plan investments	-	(9,760,678)
Total	<u>\$ 4,294,908</u>	<u>\$ (9,760,678)</u>

\$4,128,518 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2016	\$ (2,380,744)
2017	(2,380,744)
2018	(2,392,628)
2019	(2,440,172)
2020	-
Thereafter	-

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

8. DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED):

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

**Actuarial Assumptions**

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

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

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

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

(3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF).

8. DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED):

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

**Discount Rate (Continued)**

The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

8. DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED):

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

**Discount Rate (Continued)**

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

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

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

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

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

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

	Miscellaneous	Safety
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 18,041,621	\$ 50,182,442
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 11,128,292	\$ 32,348,126
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 5,390,885	\$ 17,653,419

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

8. DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED):

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

**Pension Plans Fiduciary Net Position**

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

C. Payable to the Pension Plans:

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

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN:

**Plan Description**

The City contracts with the California Public Employees' Retirement System to provide Post-Retirement Health benefits. As an agent multi-employer postemployment benefit plan, the City pays \$150 per month towards health insurance premiums for employees who retired before July 1, 2003. The amount the City pays for employees who retire after July 1, 2003 is varied based on years of service. The exact amount is calculated based on CalPERS vesting schedule (\$22893) The schedule is adjusted annually based on the 100%/90%, employee/dependent, formula as provided in Section 22825.1 of the Public Employees' Medical and Hospital Act and for the fiscal year ended June 30, 2015. The schedule is displayed as follows:

Years of CalPERS Service	1 Party	2 Party	3+ Party	% of Employer Contribution
Less than 10	\$ -	\$ -	\$ -	0%
10	327.50	623.00	802.50	50%
11	360.25	685.30	882.75	55%
12	393.00	747.60	963.00	60%
13	425.75	809.90	1,043.25	65%
14	458.50	872.20	1,123.50	70%
15	491.25	934.50	1,203.75	75%
16	524.00	996.80	1,284.00	80%
17	556.75	1,059.10	1,364.25	85%
18	589.50	1,121.40	1,444.50	90%
19	622.25	1,183.70	1,524.75	95%
20 or more	655.00	1,246.00	1,605.00	100%

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

**Funding Policy and Contribution Rules**

The funding policy of the City with respect to its OPEB obligation is to irrevocably place into a trust used solely for the payment of the City's OPEB benefits an annual amount that is approved by the City Council and consistent with the City's budgetary objectives for that fiscal year. The amount of \$569,265 was placed in trust in addition to the contributions paid by the City on behalf of its current retirees in the form of benefit payments in the amount of \$793,492 for the year ended June 30, 2015. The OPEB trust used by the City is administered by CalPERS.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). An amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs 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 for these benefits:

Annual required contribution	\$ 2,472,127
Interest on net OPEB obligation	513,781
Adjustment to annual required contribution	<u>(426,722)</u>
Annual OPEB cost (expense)	2,559,186
Contributions made (including premiums paid)	<u>(1,362,757)</u>
Increase in net OPEB obligation	1,196,429
Net OPEB obligation - beginning of year	<u>8,220,504</u>
Net OPEB obligation - end of year	<u>\$ 9,416,933</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current fiscal year and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
6/30/2013	\$ 2,440,183	42.415%	\$ 7,017,000
6/30/2014	2,424,393	50.359%	8,220,504
6/30/2015	2,559,186	53.250%	9,416,933

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

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9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

**Funded Status and Funding Progress**

As of June 30, 2013, the most recent actuarial valuation date, the plan was 6.62% funded (actuarial value of assets as a percentage of actuarial accrued liability). The actuarial accrued liability for benefits was \$24,571,638, and the actuarial value of assets was \$1,625,660, resulting in an unfunded actuarial accrued liability (UAAL) of \$22,945,978. Assets were valued based on the market value as of the measurement date of June 30, 2013. The covered payroll (annual payroll of active employees covered by the plan) was \$12,107,000 and the ratio of the UAAL to the covered payroll was 189.53%.

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. Rate amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

**Actuarial Methods and Assumptions**

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

Measurement Date:	June 30, 2013
Inflation Rate:	2.8% per year
Payroll Increase:	3.0% per year
Asset Return:	7.61% per year; assumes the City invests in the CERBT asset allocation Strategy 1.

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

**Actuarial Methods and Assumptions (Continued)**

Discount Rate: Initial 20 year graded 4.50% to 7.61 % per annum (effective interest rate of 6.25%). This discount rate assumes the City pre-funds its annual required contribution within CERBT. The assumed funding percent is based on 5% of the difference between the ARC and the City’s direct payment for benefits accumulated over a 20 year period (15 years remaining).

Healthcare Trend Rate:	<u>Fiscal Year</u>	<u>PPO</u>	<u>HMO</u>
	2015	7.5%	7.0%
	2016	7.0%	6.5%
	2017	6.5%	6.0%
	2018	6.0%	5.5%
	2019	5.5%	5.0%
	2020+	5.0%	5.0%

Actuarial Cost Method: The actuarial costs method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the “cost” is based on the projected benefit expected to be paid at retirement.

The EAN normal cost equals the level annual amount of contribution from the employee’s date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. For plans unrelated to pay, the normal cost is calculated to remain level in dollars; for pay related plans the normal cost is calculated to remain level as a percentage of pay. The City elected to use the normal cost calculated as a percentage of pay. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.

All employees eligible as of the measurement date in accordance with the provisions of the Plan listed in the data provided by the City were included in the valuation.

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

**Actuarial Methods and Assumptions (Continued)**

Actuarial Value of Assets:	Any GASB eligible assets of the plan will be valued on a market value basis.
Amortization of UAAL:	The unfunded actuarial accrued liability is being amortized over an initial 30 years using the level-percentage of pay method on a closed basis. The remaining period at June 30, 2013 is assumed to be 25 years.

10. RISK MANAGEMENT:

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

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

**Self-Insurance Programs of the Authority**

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

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

10. RISK MANAGEMENT (CONTINUED):

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

Liability

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

For 2014-15, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

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

Workers' Compensation

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

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

10. RISK MANAGEMENT (CONTINUED):

Workers' Compensation (Continued)

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.

**Purchased Insurance**

Pollution Legal Liability Insurance

The City of San Gabriel participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of San Gabriel. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City of San Gabriel participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of San Gabriel's property is currently insured according to a schedule of covered property submitted by the City of San Gabriel to the Authority. The City of San Gabriel's property currently has all-risk property insurance protection in the amount of \$24,725,539. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance, which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

**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 2014-15.

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

10. RISK MANAGEMENT (CONTINUED):

**Reconciliation of Changes in Aggregate Liabilities**

Reconciliation of the changes in the City's aggregate liabilities for the years ended June 30, 2015 and 2014 is as follows:

	Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Liability End of Year
2015:				
Liability claims	\$ 1,022,586	\$ 3,492	\$ (1,026,078)	\$ -
Workers' compensation	<u>2,322,503</u>	<u>638,983</u>	<u>(1,021,012)</u>	<u>1,940,474</u>
	<u>\$ 3,345,089</u>	<u>\$ 642,475</u>	<u>\$ (2,047,090)</u>	<u>\$ 1,940,474</u>
2014:				
Liability claims	\$ 468,664	\$ 723,704	\$ (169,782)	\$ 1,022,586
Workers' compensation	<u>2,214,717</u>	<u>1,988,653</u>	<u>(1,880,867)</u>	<u>2,322,503</u>
	<u>\$ 2,683,381</u>	<u>\$ 2,712,357</u>	<u>\$ (2,050,649)</u>	<u>\$ 3,345,089</u>

As of June 30, 2015, the total claims liability of \$1,940,474 includes \$1,047,661 of claims from when the City was self-insured and was not a part of the California Joint Powers Insurance Authority.

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

11. CONSTRUCTION COMMITMENTS:

The following material construction commitments existed at June 30, 2015:

Project Name:	Expenditures as of <u>June 30, 2015</u>	Remaining <u>Commitments</u>
Public Works Yard	\$ 3,329,755	\$ 6,072,071
Green Streets Program	261,798	4,246,729
Marshall Community Park	258,358	4,162,308
ACE Trench Haul Route Restoration	-	2,506,014
Mission Road 20A Underground Phase I	50,046	2,003,629
San Gabriel & Mission Intersection Improvement	18,409	1,334,101
Mission Road 20A Underground Phase II	-	1,300,820
Broadway/Walnut Grove Intersection Improvement	38,022	1,267,351
Las Tunas Rehabilitation SG - Muscatel	1,547,752	842,440
Police Facility	67,159	771,829
Station 52 Upgrade	9,227	607,615
Zoning Ordinance/General Plan Update	-	595,000
Del Mar Avenue/Alhambra Wash Bridge Replacement	-	568,383
Las Tunas Sewer Rehabilitation	127,859	422,141
ACE San Gabriel Boulevard Bridge	-	419,243
Storm Water Master Plan	269	399,731
Roosevelt Elementary Safe Route to School	-	341,941
Fairview Rehab and Median	288,014	317,597
Vincent Lugo Park Renovation Phase II	2,440	307,560
Sewer System Compliance Operations	-	300,000
Del Mar Bridge & Street Widening	-	276,387
ACE San Gabriel Trench Project	84,270	266,182
Citywide Bridge Repair	49,353	219,740
San Gabriel Boulevard Sewer Improvement - Wells/Angelino	-	175,000
City Hall Refurbishment & Remodeling	54,372	141,228
Del Mar Avenue Sewer Improvement - Bencamp/Chestnut	-	140,000
San Gabriel Boulevard Signal Improvement	-	130,000
Storm Drain Catch Basin Inserts	-	124,750
San Gabriel Boulevard Sewer Improvement - Dewey/Wells	-	115,000
Del Mar Rehab 4 & 5 Wells - Mission	-	113,540
Dewey/Brighton Sewer Upgrade	-	112,000
Electronic Marquee	-	109,448

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

12. CLASSIFICATION OF NET POSITION AND FUND BALANCES:

**Fund Balances**

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned and unassigned (see Note 1N for a description of these categories). A detailed schedule of fund balances at June 30, 2015, is as follows:

	Special Revenue Funds						Total
	General	Retirement	Community			Other Gov't Funds	
Prop C Local Return			Development Block Grant	Other Grants			
Nonspendable:							
Advance to Successor Agency	\$ 1,284,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,284,945
Total Nonspendable	<u>1,284,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,284,945</u>
Restricted for:							
Culture and recreation	-	-	-	-	-	860,012	860,012
Public safety	-	-	-	-	-	1,033,649	1,033,649
Retirement benefits	-	2,943,393	-	-	-	-	2,943,393
Sewer service	-	-	-	-	-	1,788,083	1,788,083
Street improvements	-	-	-	-	-	2,503,758	2,503,758
Transit service	-	-	1,267,582	-	-	2,238,796	3,506,378
Waste management programs	-	-	-	-	-	2,540,515	2,540,515
Total Restricted	<u>-</u>	<u>2,943,393</u>	<u>1,267,582</u>	<u>-</u>	<u>-</u>	<u>10,964,813</u>	<u>15,175,788</u>
Committed to:							
Police facility	669,247	-	-	-	-	-	669,247
Culture and recreation	2,958	-	-	-	-	-	2,958
Public works facility	6,229,682	-	-	-	-	-	6,229,682
Street improvements	27,675	-	-	-	-	-	27,675
Total Committed	<u>6,929,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,929,562</u>
Assigned	<u>15,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,093</u>
Unassigned	<u>3,236,592</u>	<u>-</u>	<u>-</u>	<u>(1,387)</u>	<u>(93,153)</u>	<u>(19,184)</u>	<u>3,122,868</u>
Total Fund Balances	<u>\$ 11,466,192</u>	<u>\$ 2,943,393</u>	<u>\$ 1,267,582</u>	<u>\$ (1,387)</u>	<u>\$ (93,153)</u>	<u>\$ 10,945,629</u>	<u>\$ 26,528,256</u>

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

12. CLASSIFICATION OF NET POSITION AND FUND BALANCES (CONTINUED):

**Net Position**

Net position is presented in the following categories: net investment in capital assets, restricted, and unrestricted. (see Note 1M for a description of these categories). A detailed schedule of net position at June 30, 2015, is as follows:

	<u>Governmental Activities</u>
Net investment in capital assets:	
Total capital assets,	
net of accumulated depreciation	\$ 46,615,476
Less: total capital related debt	<u>(7,691,667)</u>
Net investment in capital assets	<u>38,923,809</u>
Restricted for:	
Culture and recreation	860,012
Public safety	1,033,649
Retirement benefits	2,943,393
Sewer service	1,788,083
Street improvements	2,503,758
Transit service	3,506,378
Waste management programs	<u>2,540,515</u>
Total restricted net position	<u>15,175,788</u>
Unrestricted	<u>(47,541,083)</u>
Total Net Position	<u>\$ 6,558,514</u>

13. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 29, 2011, Assembly Bills 1x 26 (the “Dissolution Act”) and 1x 27 were enacted as part of the fiscal year 2011-12 state budget package.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

13. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

Under the Dissolution Act, each California redevelopment agency (each a “Dissolved RDA”) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On February 1, 2012 the City Council of the City of San Gabriel elected to become the Successor Agency for the former Redevelopment Agency (RDA) in accordance with the Bill as part of City Resolution No. 12-03.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA’s housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The City Council also elected to transfer the housing assets and functions previously performed by the RDA to the Los Angeles County Housing Authority on February 21, 2012 in accordance with the Bill as part if City Resolution No. 12-04.

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Los Angeles County Housing Authority’s financial statements. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller, the California Department of Finance (the “DOF”) and the California State Controller’s office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the “RPTTF”) for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency the amounts due on the Successor Agency’s enforceable obligations for the upcoming six-month period.

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

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13. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller ("CAC") will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

As part of the dissolution process AB1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2014 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. These funds were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. The Successor Agency remitted \$1,954,983 to the CAC on December 20, 2012 for the low and moderate income housing funds due diligence review. There were no amounts due to the CAC for the all other funds due diligence review.

The DOF issued a Finding of Completion on April 26, 2013 in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews. In addition, the Successor Agency adopted the Long Range Property Management Program (LRPMP) through resolution OB 13-03 on July 22, 2013. Also, Successor Agency adopted resolution 14-01 on February 17, 2014 concluding that the loan agreement between the former redevelopment agency and the City were for legitimate redevelopment purposes, which was approved by the DOF on May 12, 2014.

The Finding of Completion, adoption of the LRPMP, and resolution stating that the loans were for legitimate redevelopment purposes allowed the placement of loan agreements between the former redevelopment agency and the City on the ROPS . Loan repayments can begin when the funding request is placed on the ROPS.

The DOF will consider the enforceability of the loan agreement once the repayment request is placed on ROPS 14-15B. When the repayments begin, 20% of the repayments of the loan must be remitted to the Los Angeles County Housing Authority. At June 30, 2015, the long-term advances to the Successor Agency totaled \$1,284,945 and consist of only principal. In the financial statements, 20% of the advance and related interest is reported as due to other governments in the General Fund.

**City of San Gabriel**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2015**

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13. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011 and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the City or county, or City and county that created an RDA, or any other public agency, and the RDA. 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. The State Controller's completed its review on June 13, 2014 and did not identify any unallowable transfers of assets that occurred during the audit between the former RDA, the City and or other public agencies.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. 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.

14. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS:

Restatements of the Government-Wide Financial Statements' net position as of July 1, 2014, are as follows:

Net position at July 1, 2014, as originally reported	\$ 52,944,591
Implementation of GASB Statements 68 and 71 to record pension liability at beginning of year	<u>(49,516,481)</u>
Net position at July 1, 2014, as restated	<u>\$ 3,428,110</u>

15. SUBSEQUENT EVENTS:

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 22, 2015, the date the financial statements were available to be issued.

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# REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2015</u>
Plans' proportion of the net pension liability	0.69870%
Plans' proportionate share of the net pension liability	\$ 43,476,418
Plans' covered - employee payroll	\$ 13,412,188
Plans' proportionate share of the net pension liability as a percentage of covered - employee payroll	324.16%
Plans' proportionate share of fiduciary net position as a percentage of the Plans' total pension liability	76.53%
Plan's proportionate share of aggregate employer contributions	\$ 3,961,921

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

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

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

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 4,128,518
Contributions in relation to the actuarially determined contributions	<u>(4,128,518)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered - employee payroll	\$ 13,385,014
Contributions as a percentage of covered - employee payroll	30.84%

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 year fixed with 5 year ramp up at beginning and 5 year ramp down at the end of the amortization period. Changes in liability for plan amendments, changes in actuarial methodology and assumptions are amortized over a 20 year period
Asset valuation method	Market
Inflation	3.50%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	50 years (2.7% <sup>@55</sup> , 2% <sup>@60</sup> , 3% <sup>@50</sup> , 2% <sup>@50</sup> , and 2.7% <sup>@57</sup> ) and 52 years (2% <sup>@62</sup> )
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.

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

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

The funding progress of the plan as of the date of the most recent actuarial valuation is as follows:

**OTHER POST-EMPLOYMENT BENEFIT PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b)-(a)]/c]
07/01/2010	\$ 423,552	\$ 20,042,646	\$ 19,619,094	2.11%	\$ 12,728,000	154.14%
06/30/2011	787,501	21,280,525	20,493,024	3.70%	12,712,000	161.21%
06/30/2013	1,625,660	24,571,638	22,945,978	6.62%	12,107,000	189.53%

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 16,326,000	\$ 16,440,000	\$ 15,569,657	\$ (870,343)
Intergovernmental	4,330,000	4,430,000	4,570,551	140,551
Charges for services	4,028,685	4,022,600	3,414,464	(608,136)
Fines and forfeitures	1,261,000	1,105,000	994,034	(110,966)
Licenses and permits	3,810,325	3,722,325	2,257,281	(1,465,044)
Investment income	282,296	218,296	142,987	(75,309)
Other	1,277,970	1,415,970	1,199,687	(216,283)
<b>Total revenues</b>	<b>31,316,276</b>	<b>31,354,191</b>	<b>28,148,661</b>	<b>(3,205,530)</b>
<b>EXPENDITURES:</b>				
General government:				
City Council	262,055	262,055	226,329	35,726
City Clerk	256,035	261,040	231,537	29,503
City Treasurer	155,255	157,823	149,004	8,819
City Manager	505,770	513,223	569,185	(55,962)
City Attorney	175,890	175,890	177,468	(1,578)
Finance	986,112	997,584	1,008,730	(11,146)
Information technology	330,951	330,951	284,475	46,476
Human resources	602,868	628,606	651,699	(23,093)
Purchasing	201,840	205,460	197,865	7,595
General services	3,222,737	3,226,972	3,212,110	14,862
Public information	111,799	112,932	94,201	18,731
Disaster preparedness	11,000	11,000	9,015	1,985
<b>Total general government</b>	<b>6,822,312</b>	<b>6,883,536</b>	<b>6,811,618</b>	<b>71,918</b>
Public safety:				
Police	11,588,374	11,217,903	10,795,594	422,309
Fire	7,185,859	7,358,172	7,398,354	(40,182)
<b>Total public safety</b>	<b>18,774,233</b>	<b>18,576,075</b>	<b>18,193,948</b>	<b>382,127</b>
Community development:				
Development services	4,255,873	4,069,398	3,335,686	733,712
Street services	1,315,403	1,129,026	1,032,401	96,625
Neighborhood improvement	280,548	184,949	204,331	(19,382)
Economic development	273,396	312,630	166,557	146,073
<b>Total community development</b>	<b>6,125,220</b>	<b>5,696,003</b>	<b>4,738,975</b>	<b>957,028</b>

(Continued)

See accompanying note to required supplementary information.

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES, CONTINUED:</b>				
Culture and recreation:				
Mission playhouse	\$ 666,956	\$ -	\$ -	\$ -
Park maintenance	1,015,964	913,559	859,207	54,352
Swimming pool	216,739	220,035	222,692	(2,657)
Facilities maintenance	310,008	310,349	352,342	(41,993)
Recreation	443,503	227,214	243,096	(15,882)
Total culture and recreation	<u>2,653,170</u>	<u>1,671,157</u>	<u>1,677,337</u>	<u>(6,180)</u>
Capital outlay	<u>1,269,340</u>	<u>13,912,875</u>	<u>4,223,333</u>	<u>9,689,542</u>
Debt service:				
Principal payments	-	108,333	108,333	-
Interest and fiscal charges	-	86,667	52,030	34,637
Total debt service	<u>-</u>	<u>195,000</u>	<u>160,363</u>	<u>34,637</u>
<b>Total expenditures</b>	<u>35,644,275</u>	<u>46,934,646</u>	<u>35,805,574</u>	<u>11,129,072</u>
<b>EXCESS OF REVENUES     UNDER EXPENDITURES</b>	<u>(4,327,999)</u>	<u>(15,580,455)</u>	<u>(7,656,913)</u>	<u>7,923,542</u>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from loan	-	7,800,000	7,800,000	-
Transfers in	4,874,954	4,874,954	4,639,824	(235,130)
Transfers out	<u>(666,956)</u>	<u>(666,956)</u>	<u>(666,956)</u>	<u>-</u>
<b>Total other financing sources</b>	<u>4,207,998</u>	<u>12,007,998</u>	<u>11,772,868</u>	<u>(235,130)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(120,001)</u>	<u>(3,572,457)</u>	<u>4,115,955</u>	<u>7,688,412</u>
<b>FUND BALANCE:</b>				
Beginning of year	<u>7,350,237</u>	<u>7,350,237</u>	<u>7,350,237</u>	<u>-</u>
End of year	<u>\$ 7,230,236</u>	<u>\$ 3,777,780</u>	<u>\$ 11,466,192</u>	<u>\$ 7,688,412</u>

See accompanying note to required supplementary information.

**City of San Gabriel**  
**Budgetary Comparison Schedule**  
**Retirement Special Revenue Fund**  
**For the year ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 5,800,000	\$ 6,000,000	\$ 6,169,420	\$ 169,420
Investment income	20,000	25,000	30,574	5,574
<b>Total revenues</b>	<b>5,820,000</b>	<b>6,025,000</b>	<b>6,199,994</b>	<b>174,994</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	(5,335,443)	(5,602,711)	(5,346,506)	256,205
<b>Total other financing uses</b>	<b>(5,335,443)</b>	<b>(5,602,711)</b>	<b>(5,346,506)</b>	<b>256,205</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>484,557</b>	<b>422,289</b>	<b>853,488</b>	<b>431,199</b>
<b>FUND BALANCE:</b>				
Beginning of year	2,089,905	2,089,905	2,089,905	-
End of year	<u>\$ 2,574,462</u>	<u>\$ 2,512,194</u>	<u>\$ 2,943,393</u>	<u>\$ 431,199</u>

See accompanying note to required supplementary information.

**City of San Gabriel**  
**Budgetary Comparison Schedule**  
**Proposition C Local Return Special Revenue Fund**  
**For the year ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 580,000	\$ 580,000	\$ 590,497	\$ 10,497
Investment income	30,000	15,000	12,704	(2,296)
<b>Total revenues</b>	<b>610,000</b>	<b>595,000</b>	<b>603,201</b>	<b>8,201</b>
<b>EXPENDITURES:</b>				
Current:				
Transportation	694,670	661,626	530,321	131,305
Capital outlay	380,055	1,826,736	785,349	1,041,387
<b>Total expenditures</b>	<b>1,074,725</b>	<b>2,488,362</b>	<b>1,315,670</b>	<b>1,172,692</b>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	<b>(464,725)</b>	<b>(1,893,362)</b>	<b>(712,469)</b>	<b>1,180,893</b>
<b>FUND BALANCE:</b>				
Beginning of year	1,980,051	1,980,051	1,980,051	-
End of year	<u>\$ 1,515,326</u>	<u>\$ 86,689</u>	<u>\$ 1,267,582</u>	<u>\$ 1,180,893</u>

See accompanying note to required supplementary information.

**City of San Gabriel**  
**Budgetary Comparison Schedule**  
**Community Development Block Grant Special Revenue Fund**  
**For the year ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 312,982	\$ 668,197	\$ 720,690	\$ 52,493
<b>Total revenues</b>	<u>312,982</u>	<u>668,197</u>	<u>720,690</u>	<u>52,493</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	82,589	100,043	85,044	14,999
Culture and recreation	58,569	59,109	58,930	179
Capital outlay	193,595	510,974	576,716	(65,742)
<b>Total expenditures</b>	<u>334,753</u>	<u>670,126</u>	<u>720,690</u>	<u>(50,564)</u>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	(21,771)	(1,929)	-	1,929
<b>FUND BALANCE (DEFICIT):</b>				
Beginning of year	(1,387)	(1,387)	(1,387)	-
End of year	<u>\$ (23,158)</u>	<u>\$ (3,316)</u>	<u>\$ (1,387)</u>	<u>\$ 1,929</u>

See accompanying note to required supplementary information.

**City of San Gabriel**  
**Budgetary Comparison Schedule**  
**Other Grants Special Revenue Fund**  
**For the year ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 2,117,000	\$ 12,844,171	\$ 692,806	\$ (12,151,365)
<b>Total revenues</b>	<u>2,117,000</u>	<u>12,844,171</u>	<u>692,806</u>	<u>(12,151,365)</u>
<b>EXPENDITURES:</b>				
Capital outlay	61,520	11,884,945	870,199	11,014,746
<b>Total expenditures</b>	<u>61,520</u>	<u>11,884,945</u>	<u>870,199</u>	<u>11,014,746</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,055,480	959,226	(177,393)	(1,136,619)
<b>FUND BALANCE (DEFICIT):</b>				
Beginning of year	84,240	84,240	84,240	-
End of year	<u>\$ 2,139,720</u>	<u>\$ 1,043,466</u>	<u>\$ (93,153)</u>	<u>\$ (1,136,619)</u>

See accompanying note to required supplementary information.

**City of San Gabriel**  
**Note to Required Supplementary Information**  
**June 30, 2015**

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1. BUDGETARY INFORMATION:

The City adheres to the following general procedures in establishing its annual budget, which is reflected in the accompanying basic financial statements:

- The annual budget adopted by the City Council provides for the general operations of the City. It includes proposed expenditures and the means of financing them. Budgeted remaining appropriations lapse at the end of the fiscal year.
- The City Council approves total budgeted appropriations and amendments to appropriations throughout the year. The City Council must approve budget appropriation transfers between departments within a fund. The departments of the General Fund are considered to be departments for purposes of this requirement. Actual expenditures for the General Fund may not legally exceed budgeted appropriations at the department level. Actual expenditures for all other funds may not legally exceed budgeted appropriations at the fund level.
- Annual budgets are adopted for all Governmental Fund Types on a basis substantially consistent with Generally Accepted Accounting Principles (GAAP).
- Formal budgetary information is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations, which are encumbered at year end, lapse and then are added to the following year's budgeted appropriations. However, encumbrances at year-end are reported as committed fund balance.

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## **SUPPLEMENTARY INFORMATION**

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# OTHER GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS

### **Proposition A Local Return Fund**

To account for the City's share of the half-cent sales tax. These funds are used for local transit.

### **Citizens Option for Public Safety Fund**

To account for the revenues received from the California Department of Justice to be used to enhance existing law enforcement services.

### **Parks and Recreation Activity Fund**

To account for revenues and expenditures for the City's recreation programs provided through contract services.

### **Mission Playhouse/Facility Fund**

To account for a portion of the monies paid by the facility clients and to assure that they are set aside for capital and facility maintenance and improvements to the Mission Playhouse.

### **Air Quality Management District Fund**

To account for revenues received from the Air Quality Management District for the improvement of air quality.

### **Narcotic Seizure Fund**

To account for revenues seized by the Police Department during narcotics investigations.

### **Development Impact Fees Fund**

To account for the collection of fees from developers. These funds are used for public facility improvements.

### **Street Light Fund**

To account for fees collected from new developments. These funds are used for the construction of street lights in certain areas of the City.

### **Office of Traffic Safety Grant Fund**

To account for the revenues from the California Office of Traffic Safety to be used towards a comprehensive traffic safety program.

### **Measure R Fund**

To account for the City's share of the half-cent sales tax for Los Angeles County. These funds are used for traffic relief and transportation upgrades.

### **Waste Management Fund**

To account for the collection of a waste surcharge from consumers to finance waste management programs.

### **State Gas Tax Fund**

To account for the City's share of state and county gasoline tax allocation. These funds are expended on street maintenance and construction.

### **Sewer Assessment Fund**

To account for the sewer user fees used to pay for the maintenance and capital improvements of the sewer infrastructure.

**City of San Gabriel**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**June 30, 2015**

	Special Revenue Funds	
	Proposition A Local Return	Citizens Option for Public Safety
<b>ASSETS</b>		
Cash and investments	\$ 180,837	\$ 28,071
Accounts receivable	-	-
Due from other governments	-	-
<b>Total assets</b>	<b>\$ 180,837</b>	<b>\$ 28,071</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 31,729	\$ -
Accrued liabilities	2,602	9,352
Due to other funds	-	-
Deposits payable	-	-
<b>Total liabilities</b>	<b>34,331</b>	<b>9,352</b>
Deferred Inflows of Resources:		
Unavailable revenues	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>
Fund Balances (Deficit):		
Restricted	146,506	18,719
Unassigned	-	-
<b>Total fund balances (deficit)</b>	<b>146,506</b>	<b>18,719</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 180,837</b>	<b>\$ 28,071</b>

Special Revenue Funds (Continued)

<u>Parks and Recreation Activity</u>	<u>Mission Playhouse/ Facility</u>	<u>Air Quality Management District</u>	<u>Narcotic Seizure</u>	<u>Development Impact Fees</u>	<u>Street Light</u>
\$ 102,423	\$ 422,847	\$ 46,507	\$ 431,563	\$ 2,343,934	\$ 217,166
-	6,280	-	-	-	-
-	-	13,124	-	-	-
<u>\$ 102,423</u>	<u>\$ 429,127</u>	<u>\$ 59,631</u>	<u>\$ 431,563</u>	<u>\$ 2,343,934</u>	<u>\$ 217,166</u>
\$ 4,894	\$ 38,878	\$ -	\$ -	\$ 5,672	\$ -
1,018	47,906	-	-	-	-
-	-	-	-	-	-
-	18,501	-	-	-	-
<u>5,912</u>	<u>105,285</u>	<u>-</u>	<u>-</u>	<u>5,672</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
96,511	323,842	59,631	431,563	2,338,262	217,166
-	-	-	-	-	-
<u>96,511</u>	<u>323,842</u>	<u>59,631</u>	<u>431,563</u>	<u>2,338,262</u>	<u>217,166</u>
<u>\$ 102,423</u>	<u>\$ 429,127</u>	<u>\$ 59,631</u>	<u>\$ 431,563</u>	<u>\$ 2,343,934</u>	<u>\$ 217,166</u>

(Continued)

**City of San Gabriel**  
**Combining Balance Sheet, Continued**  
**Other Governmental Funds**  
**June 30, 2015**

	Special Revenue Funds (Continued)	
	Office of Traffic Safety Grant	Measure R
<b>ASSETS</b>		
Cash and investments	\$ -	\$ 1,699,146
Accounts receivable	-	-
Due from other governments	21,025	-
<b>Total assets</b>	<b>\$ 21,025</b>	<b>\$ 1,699,146</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ -	\$ 320,891
Accrued liabilities	1,064	-
Due to other funds	18,120	-
Deposits payable	-	-
<b>Total liabilities</b>	<b>19,184</b>	<b>320,891</b>
Deferred Inflows of Resources:		
Unavailable revenues	21,025	-
<b>Total deferred inflows of resources</b>	<b>21,025</b>	<b>-</b>
Fund Balances (Deficit):		
Restricted	-	1,378,255
Unassigned	(19,184)	-
<b>Total fund balances (deficit)</b>	<b>(19,184)</b>	<b>1,378,255</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 21,025</b>	<b>\$ 1,699,146</b>

Special Revenue Funds (Continued)			
Waste Management	State Gas Tax	Sewer Assessment	Total Other Governmental Funds
\$ 2,561,392	\$ 2,430,794	\$ 1,196,082	\$ 11,660,762
50,625	107,031	17,410	181,346
-	-	-	34,149
<u>\$ 2,612,017</u>	<u>\$ 2,537,825</u>	<u>\$ 1,213,492</u>	<u>\$ 11,876,257</u>
\$ 71,502	\$ 251,233	\$ 74,843	\$ 799,642
-	-	11,398	73,340
-	-	-	18,120
-	-	-	18,501
<u>71,502</u>	<u>251,233</u>	<u>86,241</u>	<u>909,603</u>
-	-	-	21,025
-	-	-	21,025
2,540,515	2,286,592	1,127,251	10,964,813
-	-	-	(19,184)
<u>2,540,515</u>	<u>2,286,592</u>	<u>1,127,251</u>	<u>10,945,629</u>
<u>\$ 2,612,017</u>	<u>\$ 2,537,825</u>	<u>\$ 1,213,492</u>	<u>\$ 11,876,257</u>

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

	Special Revenue Funds	
	Proposition A Local Return	Citizens Option for Public Safety
<b>REVENUES:</b>		
Intergovernmental	\$ 710,117	\$ 106,230
Charges for services	-	-
Investment income	11,663	338
Other	-	-
<b>Total revenues</b>	<b>721,780</b>	<b>106,568</b>
<b>EXPENDITURES:</b>		
Current:		
Public safety	-	180,727
Community development	-	-
Culture and recreation	-	-
Transportation	1,284,512	-
Capital outlay	109,574	-
<b>Total expenditures</b>	<b>1,394,086</b>	<b>180,727</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(672,306)</b>	<b>(74,159)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	-	-
Transfers out	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(672,306)</b>	<b>(74,159)</b>
<b>FUND BALANCES (DEFICIT):</b>		
Beginning of year	818,812	92,878
End of year	<u>\$ 146,506</u>	<u>\$ 18,719</u>

Special Revenue Funds (Continued)

<u>Parks and Recreation Activity</u>	<u>Mission Playhouse/ Facility</u>	<u>Air Quality Management District</u>	<u>Narcotic Seizure</u>	<u>Development Impact Fees</u>	<u>Street Light</u>
\$ -	\$ -	\$ 62,952	\$ 63,747	\$ -	\$ -
144,026	564,248	-	-	543,841	-
-	-	360	3,309	14,348	-
562	8,638	-	-	-	-
<u>144,588</u>	<u>572,886</u>	<u>63,312</u>	<u>67,056</u>	<u>558,189</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
142,427	1,087,644	-	-	-	-
-	-	-	-	-	24,950
-	1,460	50,010	79,055	49,897	-
<u>142,427</u>	<u>1,089,104</u>	<u>50,010</u>	<u>79,055</u>	<u>49,897</u>	<u>24,950</u>
<u>2,161</u>	<u>(516,218)</u>	<u>13,302</u>	<u>(11,999)</u>	<u>508,292</u>	<u>(24,950)</u>
-	666,956	-	-	-	-
-	-	-	-	-	-
-	666,956	-	-	-	-
<u>2,161</u>	<u>150,738</u>	<u>13,302</u>	<u>(11,999)</u>	<u>508,292</u>	<u>(24,950)</u>
<u>94,350</u>	<u>173,104</u>	<u>46,329</u>	<u>443,562</u>	<u>1,829,970</u>	<u>242,116</u>
<u>\$ 96,511</u>	<u>\$ 323,842</u>	<u>\$ 59,631</u>	<u>\$ 431,563</u>	<u>\$ 2,338,262</u>	<u>\$ 217,166</u>

(Continued)

**City of San Gabriel**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued**  
**Other Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds (Continued)	
	Office of Traffic Safety Grant	Measure R
<b>REVENUES:</b>		
Intergovernmental	\$ 65,675	\$ 441,868
Charges for services	-	-
Investment income	-	12,393
Other	-	-
<b>Total revenues</b>	<u>65,675</u>	<u>454,261</u>
<b>EXPENDITURES:</b>		
Current:		
Public safety	78,406	-
Community development	-	-
Culture and recreation	-	-
Transportation	-	-
Capital outlay	-	785,921
<b>Total expenditures</b>	<u>78,406</u>	<u>785,921</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(12,731)</u>	<u>(331,660)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	-	-
Transfers out	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(12,731)</u>	<u>(331,660)</u>
<b>FUND BALANCES (DEFICIT):</b>		
Beginning of year	<u>(6,453)</u>	<u>1,709,915</u>
End of year	<u>\$ (19,184)</u>	<u>\$ 1,378,255</u>

Special Revenue Funds (Continued)			
Waste Management	State Gas Tax	Sewer Assessment	Total Other Governmental Funds
\$ -	\$ 1,183,821	\$ -	\$ 2,634,410
454,054	-	1,963,721	3,669,890
-	20,229	-	62,640
-	-	-	9,200
<u>454,054</u>	<u>1,204,050</u>	<u>1,963,721</u>	<u>6,376,140</u>
-	-	-	259,133
-	-	287,653	287,653
-	-	-	1,230,071
-	-	-	1,309,462
<u>634,383</u>	<u>1,047,824</u>	<u>548,817</u>	<u>3,306,941</u>
<u>634,383</u>	<u>1,047,824</u>	<u>836,470</u>	<u>6,393,260</u>
<u>(180,329)</u>	<u>156,226</u>	<u>1,127,251</u>	<u>(17,120)</u>
-	-	-	666,956
-	(600,000)	-	(600,000)
<u>-</u>	<u>(600,000)</u>	<u>-</u>	<u>66,956</u>
(180,329)	(443,774)	1,127,251	49,836
<u>2,720,844</u>	<u>2,730,366</u>	<u>-</u>	<u>10,895,793</u>
<u>\$ 2,540,515</u>	<u>\$ 2,286,592</u>	<u>\$ 1,127,251</u>	<u>\$ 10,945,629</u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 700,000	\$ 710,117	\$ 10,117
Investment income	11,000	11,663	663
<b>Total revenues</b>	<b>711,000</b>	<b>721,780</b>	<b>10,780</b>
<b>EXPENDITURES:</b>			
Current:			
Transportation	1,339,398	1,284,512	54,886
Capital outlay	166,639	109,574	57,065
<b>Total expenditures</b>	<b>1,506,037</b>	<b>1,394,086</b>	<b>111,951</b>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	<b>(795,037)</b>	<b>(672,306)</b>	<b>122,731</b>
<b>FUND BALANCE:</b>			
Beginning of year	818,812	818,812	-
End of year	<u>\$ 23,775</u>	<u>\$ 146,506</u>	<u>\$ 122,731</u>

**City of San Gabriel**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Citizens Option for Public Safety Special Revenue Fund**  
**For the year ended June 30, 2015**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 100,000	\$ 106,230	\$ 6,230
Investment income	1,000	338	(662)
<b>Total revenues</b>	<u>101,000</u>	<u>106,568</u>	<u>5,568</u>
<b>EXPENDITURES:</b>			
Current:			
Public safety	<u>138,560</u>	<u>180,727</u>	<u>(42,167)</u>
<b>Total expenditures</b>	<u>138,560</u>	<u>180,727</u>	<u>(42,167)</u>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	(37,560)	(74,159)	(36,599)
<b>FUND BALANCE:</b>			
Beginning of year	<u>92,878</u>	<u>92,878</u>	<u>-</u>
End of year	<u><u>\$ 55,318</u></u>	<u><u>\$ 18,719</u></u>	<u><u>\$ (36,599)</u></u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 161,000	\$ 144,026	\$ (16,974)
Other	-	562	562
<b>Total revenues</b>	<b>161,000</b>	<b>144,588</b>	<b>(16,412)</b>
<b>EXPENDITURES:</b>			
Current:			
Culture and recreation	236,841	142,427	94,414
<b>Total expenditures</b>	<b>236,841</b>	<b>142,427</b>	<b>94,414</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(75,841)</b>	<b>2,161</b>	<b>78,002</b>
<b>FUND BALANCE:</b>			
Beginning of year	94,350	94,350	-
End of year	<u>\$ 18,509</u>	<u>\$ 96,511</u>	<u>\$ 78,002</u>

**City of San Gabriel**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Mission Playhouse/Facility Special Revenue Fund**  
**For the year ended June 30, 2015**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 585,264	\$ 564,248	\$ (21,016)
Other	5,000	8,638	3,638
<b>Total revenues</b>	<u>590,264</u>	<u>572,886</u>	<u>(17,378)</u>
<b>EXPENDITURES:</b>			
Current:			
Culture and recreation	1,081,475	1,087,644	(6,169)
Capital outlay	144,182	1,460	142,722
<b>Total expenditures</b>	<u>1,225,657</u>	<u>1,089,104</u>	<u>136,553</u>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	<u>(635,393)</u>	<u>(516,218)</u>	<u>119,175</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	666,956	666,956	-
<b>Total other financing sources</b>	<u>666,956</u>	<u>666,956</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	31,563	150,738	119,175
<b>FUND BALANCE:</b>			
Beginning of year	173,104	173,104	-
End of year	<u>\$ 204,667</u>	<u>\$ 323,842</u>	<u>\$ 119,175</u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 50,000	\$ 62,952	\$ 12,952
Investment income	200	360	160
<b>Total revenues</b>	<b>50,200</b>	<b>63,312</b>	<b>13,112</b>
<b>EXPENDITURES:</b>			
Capital outlay	80,010	50,010	30,000
<b>Total expenditures</b>	<b>80,010</b>	<b>50,010</b>	<b>30,000</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(29,810)</b>	<b>13,302</b>	<b>43,112</b>
<b>FUND BALANCE:</b>			
Beginning of year	46,329	46,329	-
End of year	<u>\$ 16,519</u>	<u>\$ 59,631</u>	<u>\$ 43,112</u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 30,000	\$ 63,747	\$ 33,747
Investment income	3,500	3,309	(191)
<b>Total revenues</b>	<b>33,500</b>	<b>67,056</b>	<b>33,556</b>
<b>EXPENDITURES:</b>			
Capital outlay	222,325	79,055	143,270
<b>Total expenditures</b>	<b>222,325</b>	<b>79,055</b>	<b>143,270</b>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	<b>(188,825)</b>	<b>(11,999)</b>	<b>176,826</b>
<b>FUND BALANCE:</b>			
Beginning of year	443,562	443,562	-
End of year	<u>\$ 254,737</u>	<u>\$ 431,563</u>	<u>\$ 176,826</u>

**City of San Gabriel**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Development Impact Fees Special Revenue Fund**  
**For the year ended June 30, 2015**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 2,177,384	\$ 543,841	\$ (1,633,543)
Investment income	15,000	14,348	(652)
<b>Total revenues</b>	<b>2,192,384</b>	<b>558,189</b>	<b>(1,634,195)</b>
<b>EXPENDITURES:</b>			
Capital outlay	1,475,685	49,897	1,425,788
<b>Total expenditures</b>	<b>1,475,685</b>	<b>49,897</b>	<b>1,425,788</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>716,699</b>	<b>508,292</b>	<b>(208,407)</b>
<b>FUND BALANCE:</b>			
Beginning of year	1,829,970	1,829,970	-
End of year	<u>\$ 2,546,669</u>	<u>\$ 2,338,262</u>	<u>\$ (208,407)</u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 1,000	\$ -	\$ (1,000)
<b>Total revenues</b>	<b>1,000</b>	<b>-</b>	<b>(1,000)</b>
<b>EXPENDITURES:</b>			
Current:			
Transportation	-	24,950	(24,950)
<b>Total expenditures</b>	<b>-</b>	<b>24,950</b>	<b>(24,950)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,000</b>	<b>(24,950)</b>	<b>(25,950)</b>
<b>OTHER FINANCING USES:</b>			
Transfers out	(51,000)	-	51,000
<b>Total other financing uses</b>	<b>(51,000)</b>	<b>-</b>	<b>51,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(50,000)</b>	<b>(24,950)</b>	<b>25,050</b>
<b>FUND BALANCE:</b>			
Beginning of year	242,116	242,116	-
End of year	<u>\$ 192,116</u>	<u>\$ 217,166</u>	<u>\$ 25,050</u>

**City of San Gabriel**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Office of Traffic Safety Grant Special Revenue Fund**  
**For the year ended June 30, 2015**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 261,000	\$ 65,675	\$ (195,325)
<b>Total revenues</b>	<b>261,000</b>	<b>65,675</b>	<b>(195,325)</b>
<b>EXPENDITURES:</b>			
Current:			
Public safety	111,000	78,406	32,594
<b>Total expenditures</b>	<b>111,000</b>	<b>78,406</b>	<b>32,594</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>150,000</b>	<b>(12,731)</b>	<b>(162,731)</b>
<b>FUND BALANCE (DEFICIT):</b>			
Beginning of year	(6,453)	(6,453)	-
End of year	<u>\$ 143,547</u>	<u>\$ (19,184)</u>	<u>\$ (162,731)</u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 450,000	\$ 441,868	\$ (8,132)
Investment income	10,000	12,393	2,393
<b>Total revenues</b>	<b>460,000</b>	<b>454,261</b>	<b>(5,739)</b>
<b>EXPENDITURES:</b>			
Capital outlay	5,867,175	785,921	5,081,254
<b>Total expenditures</b>	<b>5,867,175</b>	<b>785,921</b>	<b>5,081,254</b>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	<b>(5,407,175)</b>	<b>(331,660)</b>	<b>5,075,515</b>
<b>OTHER FINANCING SOURCES:</b>			
Proceeds from loan	3,800,000	-	(3,800,000)
<b>Total other financing sources</b>	<b>3,800,000</b>	<b>-</b>	<b>(3,800,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,607,175)</b>	<b>(331,660)</b>	<b>1,275,515</b>
<b>FUND BALANCE:</b>			
Beginning of year	1,709,915	1,709,915	-
End of year	<u>\$ 102,740</u>	<u>\$ 1,378,255</u>	<u>\$ 1,275,515</u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 470,000	\$ 454,054	\$ (15,946)
<b>Total revenues</b>	<b>470,000</b>	<b>454,054</b>	<b>(15,946)</b>
<b>EXPENDITURES:</b>			
Capital outlay	3,462,157	634,383	2,827,774
<b>Total expenditures</b>	<b>3,462,157</b>	<b>634,383</b>	<b>2,827,774</b>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	<b>(2,992,157)</b>	<b>(180,329)</b>	<b>2,811,828</b>
<b>FUND BALANCE:</b>			
Beginning of year	2,720,844	2,720,844	-
End of year	<u>\$ (271,313)</u>	<u>\$ 2,540,515</u>	<u>\$ 2,811,828</u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 1,181,000	\$ 1,183,821	\$ 2,821
Investment income	20,000	20,229	229
<b>Total revenues</b>	<b>1,201,000</b>	<b>1,204,050</b>	<b>3,050</b>
<b>EXPENDITURES:</b>			
Capital outlay	2,557,941	1,047,824	1,510,117
<b>Total expenditures</b>	<b>2,557,941</b>	<b>1,047,824</b>	<b>1,510,117</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,356,941)</b>	<b>156,226</b>	<b>1,513,167</b>
<b>OTHER FINANCING USES:</b>			
Transfers out	(600,000)	(600,000)	-
<b>Total other financing uses</b>	<b>(600,000)</b>	<b>(600,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,956,941)</b>	<b>(443,774)</b>	<b>1,513,167</b>
<b>FUND BALANCE:</b>			
Beginning of year	2,730,366	2,730,366	-
End of year	<u>\$ 773,425</u>	<u>\$ 2,286,592</u>	<u>\$ 1,513,167</u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 2,000,000	\$ 1,963,721	\$ (36,279)
<b>Total revenues</b>	<b>2,000,000</b>	<b>1,963,721</b>	<b>(36,279)</b>
<b>EXPENDITURES:</b>			
Current:			
Community development	384,074	287,653	96,421
Capital outlay	1,310,958	548,817	762,141
<b>Total expenditures</b>	<b>1,695,032</b>	<b>836,470</b>	<b>858,562</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>304,968</b>	<b>1,127,251</b>	<b>822,283</b>
<b>FUND BALANCE:</b>			
Beginning of year	-	-	-
End of year	<u>\$ 304,968</u>	<u>\$ 1,127,251</u>	<u>\$ 822,283</u>

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## INTERNAL SERVICE FUNDS

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Internal Service Funds are used to finance and account for goods and services provided by one City department to other City departments for agencies. Funds included are:

**Self-Insurance Fund**

To account for payments made for the City's workers' compensation and general liability claims.

**Automotive Maintenance Fund**

To account for costs of operating a maintenance facility for automotive equipment used by City departments.

**City of San Gabriel**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2015**

	Self-Insurance	Automotive Maintenance	Total
<b>ASSETS:</b>			
Current assets:			
Cash and investments	\$ 2,870,315	\$ 1,339,717	\$ 4,210,032
Accounts receivable	863	-	863
Prepaid costs	17,158	-	17,158
<b>Total current assets</b>	<u>2,888,336</u>	<u>1,339,717</u>	<u>4,228,053</u>
Noncurrent assets:			
Capital assets:			
Being depreciated (net of accumulated depreciation)	-	1,650,074	1,650,074
<b>Total noncurrent assets</b>	<u>-</u>	<u>1,650,074</u>	<u>1,650,074</u>
<b>Total assets</b>	<u>2,888,336</u>	<u>2,989,791</u>	<u>5,878,127</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	6,847	128,883	135,730
Accrued payroll	17,454	12,929	30,383
Compensated absences, due within one year	-	32,333	32,333
Claims payable, due within one year	582,142	-	582,142
<b>Total current liabilities</b>	<u>606,443</u>	<u>174,145</u>	<u>780,588</u>
Noncurrent liabilities:			
Claims payable, due in more than one year	1,358,332	-	1,358,332
<b>Total noncurrent liabilities</b>	<u>1,358,332</u>	<u>-</u>	<u>1,358,332</u>
<b>Total liabilities</b>	<u>1,964,775</u>	<u>174,145</u>	<u>2,138,920</u>
<b>NET POSITION:</b>			
Net investment in capital assets	-	1,650,074	1,650,074
Unrestricted	923,561	1,165,572	2,089,133
<b>Total net position</b>	<u>\$ 923,561</u>	<u>\$ 2,815,646</u>	<u>\$ 3,739,207</u>

**City of San Gabriel**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the year ended June 30, 2015**

	Self-Insurance	Automotive Maintenance	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 4,503,646	\$ 1,647,958	\$ 6,151,604
<b>Total operating revenue</b>	<b>4,503,646</b>	<b>1,647,958</b>	<b>6,151,604</b>
<b>OPERATING EXPENSES:</b>			
Personnel services	-	260,962	260,962
Contractual services	-	36,509	36,509
Vehicle operating	-	477,051	477,051
Depreciation	-	99,551	99,551
Uniforms	-	2,681	2,681
Operating expenses	-	45	45
Insurance premiums	4,939,563	-	4,939,563
Claims and judgments	174,320	-	174,320
Capital outlay	-	27,040	27,040
<b>Total operating expenses</b>	<b>5,113,883</b>	<b>903,839</b>	<b>6,017,722</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(610,237)</b>	<b>744,119</b>	<b>133,882</b>
<b>NONOPERATING REVENUES:</b>			
Investment income	10,763	9,282	20,045
<b>Total nonoperating revenues</b>	<b>10,763</b>	<b>9,282</b>	<b>20,045</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(599,474)</b>	<b>753,401</b>	<b>153,927</b>
<b>TRANSFERS:</b>			
Transfers in	1,341,682	-	1,341,682
Transfers out	-	(35,000)	(35,000)
<b>Total transfers</b>	<b>1,341,682</b>	<b>(35,000)</b>	<b>1,306,682</b>
<b>CHANGE IN NET POSITION</b>	<b>742,208</b>	<b>718,401</b>	<b>1,460,609</b>
<b>NET POSITION:</b>			
Beginning of the year	181,353	2,097,245	2,278,598
End of the year	<u>\$ 923,561</u>	<u>\$ 2,815,646</u>	<u>\$ 3,739,207</u>

City of San Gabriel  
Combining Statement of Cash Flows  
Internal Service Funds  
For the year ended June 30, 2015

	Self-Insurance	Automotive Maintenance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from user departments	\$ 4,502,783	\$ 1,647,958	\$ 6,150,741
Cash payments to suppliers for goods and services	(6,538,563)	(504,680)	(7,043,243)
Cash payments to employees for services	-	(242,400)	(242,400)
<b>Net cash provided by (used for) operating activities</b>	<u>(2,035,780)</u>	<u>900,878</u>	<u>(1,134,902)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash received from other funds	1,341,682	-	1,341,682
Cash provided to other funds	-	(35,000)	(35,000)
<b>Net cash provided by (used for) noncapital financing activities</b>	<u>1,341,682</u>	<u>(35,000)</u>	<u>1,306,682</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Payments to acquire capital assets	-	(776,065)	(776,065)
<b>Net cash used for capital and related financing activities</b>	<u>-</u>	<u>(776,065)</u>	<u>(776,065)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received from investments	10,763	9,282	20,045
<b>Net cash provided by investing activities</b>	<u>10,763</u>	<u>9,282</u>	<u>20,045</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(683,335)	99,095	(584,240)
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of the year	<u>3,553,650</u>	<u>1,240,622</u>	<u>4,794,272</u>
End of the year	<u>\$ 2,870,315</u>	<u>\$ 1,339,717</u>	<u>\$ 4,210,032</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (610,237)	\$ 744,119	\$ 133,882
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	-	99,551	99,551
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(863)	-	(863)
(Increase) decrease in prepaid costs	(17,158)	-	(17,158)
Increase (decrease) in accounts payable	(7,829)	38,646	30,817
Increase (decrease) in accrued payroll	4,922	5,132	10,054
Increase (decrease) in compensated absences payable	-	13,430	13,430
Increase (decrease) in claims payable	(1,404,615)	-	(1,404,615)
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (2,035,780)</u>	<u>\$ 900,878</u>	<u>\$ (1,134,902)</u>

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## AGENCY FUND

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The Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. The Agency Fund operates as a clearing mechanism. Cash resources are collected, held for a brief period and then distributed to the proper recipients. The City has a fiduciary responsibility for the assets, which it does not own outright.

### **Deposit Fund**

To account for deposits collected by the City which will be refunded at some later date.

**City of San Gabriel**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Fund**  
**For the year ended June 30, 2015**

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
<b>Deposit Agency Fund</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 1,111,547	\$ 464,931	\$ (283,768)	\$ 1,292,710
<b>Total assets</b>	<u>\$ 1,111,547</u>	<u>\$ 464,931</u>	<u>\$ (283,768)</u>	<u>\$ 1,292,710</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 8,364	\$ 259,309	\$ (236,629)	\$ 31,044
Deposits payable	1,103,183	464,930	(306,447)	1,261,666
<b>Total liabilities</b>	<u>\$ 1,111,547</u>	<u>\$ 724,239</u>	<u>\$ (543,076)</u>	<u>\$ 1,292,710</u>

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# STATISTICAL SECTION

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

<b>Contents</b>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	124-131
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	132-136
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	137-141
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	142-143
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	144-146

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of San Gabriel**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year			
	2015	2014	2013	2012
Primary government				
Investment in capital assets	\$ 38,923,809	\$ 39,736,996	\$ 40,680,317	\$ 40,773,686
Restricted <sup>(1)</sup>	15,175,788	15,319,010	12,393,282	10,408,493
Unrestricted	(47,541,083)	(2,111,415)	458,790	2,508,800
Total primary government net position	<u>\$ 6,558,514</u>	<u>\$ 52,944,591</u>	<u>\$ 53,532,389</u>	<u>\$ 53,690,979</u>

(1) The City of San Gabriel adopted the provisions of GASB 54 on June 7, 2010 for fiscal year 2010-11.

**TABLE 1**

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Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 39,375,000	\$ 37,827,601	\$ 37,743,330	\$ 33,455,141	\$ 33,796,931	\$ 32,625,226
14,665,685	-	-	-	-	-
2,179,372	20,371,939	21,447,464	22,873,363	21,411,617	16,489,547
<u>\$ 56,220,057</u>	<u>\$ 58,199,540</u>	<u>\$ 59,190,794</u>	<u>\$ 56,328,504</u>	<u>\$ 55,208,548</u>	<u>\$ 49,114,773</u>

**City of San Gabriel**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year			
	2015	2014	2013	2012
<b>Expenses</b>				
Governmental activities:				
General government	\$ 6,891,875	\$ 6,907,530	\$ 7,153,952	\$ 6,324,430
Public safety	19,628,528	18,953,862	19,644,859	19,695,496
Community development	5,782,405	5,469,123	5,451,019	8,880,924
Culture and recreation	3,809,983	3,290,862	3,512,514	3,259,953
Transportation	3,427,420	2,105,289	2,984,929	1,563,573
Interest	52,030	-	-	-
Loss on disposal of capital assets	-	-	27,481	-
Total primary government expenditures	<u>39,592,241</u>	<u>36,726,666</u>	<u>38,774,754</u>	<u>39,724,376</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	845,229	881,188	811,645	788,719
Public safety	2,894,409	2,169,374	2,149,555	2,292,293
Community development	4,597,675	1,982,011	1,784,826	1,653,036
Culture and recreation	814,717	815,468	850,741	780,451
Transportation	6,000	6,000	6,000	6,000
Operating grants and contributions	5,773,315	4,147,332	5,788,085	5,948,416
Capital grants and contributions	1,720,849	787,239	911,063	1,687,194
Total government activities program revenues	<u>16,652,194</u>	<u>10,788,612</u>	<u>12,301,915</u>	<u>13,156,109</u>
<b>Net revenue/(expenses)</b>				
Total primary government net expense	<u>\$ (22,940,047)</u>	<u>\$ (25,938,054)</u>	<u>\$ (26,472,839)</u>	<u>\$ (26,568,267)</u>
<b>Governmental activities:</b>				
Taxes				
Property taxes	\$ 14,899,865	\$ 10,261,507	\$ 9,718,176	\$ 9,237,775
Utility users tax	4,480,156	4,596,568	4,655,606	4,514,886
Sales taxes	4,205,561	4,177,364	4,221,735	3,860,989
Franchise taxes	555,940	587,201	585,104	582,469
Transient occupancy tax	1,453,521	1,425,873	1,167,616	948,223
Property transfer tax	155,164	176,835	118,016	87,613
Motor vehicle in lieu (unrestricted)	-	3,836,014	3,706,552	3,611,799
Investment earnings	113,396	118,520	195,987	654,325
Miscellaneous	206,848	170,374	105,000	67,915
Total governmental activities:	<u>26,070,451</u>	<u>25,350,256</u>	<u>24,473,792</u>	<u>23,565,994</u>
Total primary government	<u>26,070,451</u>	<u>25,350,256</u>	<u>24,473,792</u>	<u>23,565,994</u>
Extraordinary item	-	-	-	1,805,302
<b>Changes in Net Position</b>				
Total primary government	<u>\$ 3,130,404</u>	<u>\$ (587,798)</u>	<u>\$ (1,999,047)</u>	<u>\$ (1,196,971)</u>

**TABLE 2**

Fiscal Year						
2011	2010	2009	2008	2007	2006	
\$ 6,863,837	\$ 6,437,800	\$ 5,443,922	\$ 5,226,785	\$ 3,202,488	\$ 4,629,928	
18,558,140	17,748,076	17,869,728	17,229,072	14,685,584	14,278,926	
8,984,098	6,406,734	5,926,698	6,067,911	3,902,507	4,607,455	
3,178,378	2,929,024	3,246,525	3,102,722	2,855,572	2,737,045	
3,069,674	1,688,865	3,256,021	2,063,459	2,153,567	3,386,808	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>40,654,127</u>	<u>35,210,499</u>	<u>35,742,894</u>	<u>33,689,949</u>	<u>26,799,718</u>	<u>29,640,162</u>	
788,664	738,643	667,009	697,239	673,429	204,187	
2,356,082	2,227,266	1,978,130	1,843,374	2,008,412	1,938,757	
1,784,907	1,496,009	1,736,552	2,417,507	2,099,574	2,592,783	
675,849	762,501	829,795	799,899	739,107	517,130	
6,000	6,000	6,000	5,500	6,000	5,500	
6,900,218	3,648,642	6,224,331	5,097,352	4,561,119	5,149,940	
2,897,964	4,302,455	2,456,961	2,602,237	2,019,336	1,497,228	
<u>15,409,684</u>	<u>13,181,516</u>	<u>13,898,778</u>	<u>13,463,108</u>	<u>12,106,977</u>	<u>11,905,525</u>	
<u>\$ (25,244,443)</u>	<u>\$ (22,028,983)</u>	<u>\$ (21,844,116)</u>	<u>\$ (20,226,841)</u>	<u>\$ (14,692,741)</u>	<u>\$ (17,734,637)</u>	
\$ 8,990,057	\$ 8,193,637	\$ 8,852,999	\$ 8,193,765	\$ 7,765,406	\$ 6,810,825	
880,057	4,685,188	3,867,625	3,570,013	3,542,633	3,436,485	
4,690,820	3,090,531	3,507,109	4,051,011	4,146,868	3,951,558	
3,527,569	563,514	639,870	625,398	668,599	581,641	
582,088	760,976	702,295	645,892	565,719	492,500	
86,649	130,419	106,406	194,860	237,345	225,367	
3,716,904	3,597,698	3,583,434	3,300,106	3,174,911	3,014,702	
697,253	645,521	470,795	600,514	616,772	521,702	
93,564	146,830	208,165	165,238	68,263	78,720	
<u>23,264,960</u>	<u>21,814,314</u>	<u>21,938,698</u>	<u>21,346,797</u>	<u>20,786,516</u>	<u>19,113,500</u>	
<u>23,264,960</u>	<u>21,814,314</u>	<u>21,938,698</u>	<u>21,346,797</u>	<u>20,786,516</u>	<u>19,113,500</u>	
-	-	-	-	-	-	
<u>\$ (1,979,483)</u>	<u>\$ (214,669)</u>	<u>\$ 94,582</u>	<u>\$ 1,119,956</u>	<u>\$ 6,093,775</u>	<u>\$ 1,378,863</u>	

**City of San Gabriel**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year			
	2015	2014	2013	2012
General fund				
Nonspendable	\$ 1,284,945	\$ 1,284,945	\$ 1,284,945	\$ 1,291,035
Reserved	-	-	-	-
Restricted	-	18,247	10,525	21,907
Committed	6,929,562	2,951,643	3,294,439	5,836,526
Assigned	15,093	132,488	56,076	-
Unassigned	3,236,592	2,962,914	3,365,984	1,140,249
Unreserved	-	-	-	-
Total general fund	<u>\$ 11,466,192</u>	<u>\$ 7,350,237</u>	<u>\$ 8,011,969</u>	<u>\$ 8,289,717</u>
All other governmental funds				
Reserved				
Restricted	\$ 15,175,788	\$ 15,056,442	\$ 12,382,757	\$ 11,084,898
Unassigned	-	-	-	-
Special revenue funds	(113,724)	(7,840)	(5,248)	(824,635)
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 15,062,064</u>	<u>\$ 15,048,602</u>	<u>\$ 12,377,509</u>	<u>\$ 10,260,263</u>

Fund balance explanation: comparing 2014 to 2015

General fund

The balances for Nonspendable, Reserved, Restricted and Unreserved categories either have no or insignificant changes from 2014. The balances for Committed funds increased by nearly \$4 million due to carry-overs and the City's commitment to construct a new Police Facility. The balance for Assigned funds decreased due to the completion of previously assigned projects. Lastly, the balance for Unassigned funds increased to address future emergencies.

All other governmental funds

Reserved and Unassigned categories for all other funds did not change significantly.

**TABLE 3**

Fiscal Year						
2011	2010	2009	2008	2007	2006	
\$ 5,457,078						
-	\$ 11,037,947	\$ 9,476,639	\$ 7,069,832	\$ 5,480,870	\$ 4,272,486	
244,594	-	-	-	-	-	
6,121,090	-	-	-	-	-	
-	-	-	-	-	-	
(639,868)	-	-	-	-	-	
-	122,874	2,604,025	3,898,435	3,951,322	2,830,700	
<u>\$ 11,182,894</u>	<u>\$ 11,160,821</u>	<u>\$ 12,080,664</u>	<u>\$ 10,968,267</u>	<u>\$ 9,432,192</u>	<u>\$ 7,103,186</u>	
	\$ 4,090,559	\$ 3,844,491	\$ 4,701,353	\$ 4,200,199	\$ 4,656,964	
\$ 14,845,426	-	-	-	-	-	
(5,631,679)	-	-	-	-	-	
-	10,288,265	8,232,648	9,787,423	8,652,955	6,820,730	
-	(2,067,856)	(815,179)	(814,569)	(1,455,842)	(1,943,857)	
<u>\$ 9,213,747</u>	<u>\$ 12,310,968</u>	<u>\$ 11,261,960</u>	<u>\$ 13,674,207</u>	<u>\$ 11,397,312</u>	<u>\$ 9,533,837</u>	

**City of San Gabriel**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year			
	2015	2014	2013	2012
<b>Revenues</b>				
Taxes	\$ 21,739,077	\$ 21,225,348	\$ 21,115,668	\$ 19,707,269
Intergovernmental	9,208,954	7,665,587	8,911,593	9,353,878
Charges for services	7,084,354	3,457,711	3,258,226	3,295,442
Fines and forfeitures	994,034	857,420	907,211	1,099,215
Licenses and permits	2,257,281	1,898,675	1,802,968	1,721,882
Investment income	248,905	769,084	942,989	1,425,700
Other	1,208,887	251,544	923,047	195,915
Total revenues	<u>42,741,492</u>	<u>36,125,369</u>	<u>37,861,702</u>	<u>36,799,301</u>
<b>Expenditures</b>				
General government	6,811,618	6,228,126	6,405,502	5,476,596
Police	10,795,608	10,607,474	10,588,300	11,011,904
Fire	7,657,473	6,398,977	6,254,470	6,459,510
Community development	5,111,672	4,507,884	4,430,192	6,745,302
Culture and recreation	2,966,338	2,956,061	3,056,792	2,993,283
Transportation	1,839,783	676,760	1,689,974	595,409
Capital outlay	9,762,538	1,572,501	2,596,974	6,349,023
Debt Service				
Principal Payments	108,333	-	-	-
Interest and fiscal charges	52,030	-	-	-
Total expenditures	<u>45,105,393</u>	<u>32,947,783</u>	<u>35,022,204</u>	<u>39,631,027</u>
Excess of revenues over (under) expenditures	<u>(2,363,901)</u>	<u>3,177,586</u>	<u>2,839,498</u>	<u>(2,831,726)</u>
<b>Other financing sources (uses)</b>				
Proceeds from loan	7,800,000	-	-	-
Transfers in	5,306,780	4,446,410	4,858,716	5,315,085
Transfers out	(6,613,462)	(5,614,635)	(5,858,716)	(6,135,322)
Sales of capital assets	-	-	-	-
Total other financing sources (uses)	<u>6,493,318</u>	<u>(1,168,225)</u>	<u>(1,000,000)</u>	<u>(820,237)</u>
<b>Extraordinary item</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,805,302</u>
Net change in fund balances	<u>\$ 4,129,417</u>	<u>\$ 2,009,361</u>	<u>\$ 1,839,498</u>	<u>\$ (1,846,661)</u>

**TABLE 4**

Fiscal Year						
	2011	2010	2009	2008	2007	2006
\$	19,971,918	\$ 18,967,156	\$ 18,856,774	\$ 18,396,557	\$ 17,819,605	\$ 16,357,216
	8,851,153	8,865,299	7,493,492	8,099,277	6,674,651	7,376,681
	3,255,034	2,897,685	2,962,722	3,554,372	3,378,104	3,172,456
	1,121,834	1,010,089	990,193	975,935	1,134,103	935,568
	1,682,928	1,525,324	1,618,502	1,999,600	1,804,288	1,751,879
	1,589,883	1,717,467	1,725,199	1,657,104	1,603,128	1,201,027
	1,830,805	402,551	1,580,225	339,413	196,614	964,280
	<u>38,303,555</u>	<u>35,385,571</u>	<u>35,227,107</u>	<u>35,022,258</u>	<u>32,610,493</u>	<u>31,759,107</u>
	6,129,782	5,748,554	5,302,319	4,848,851	4,653,839	4,488,526
	10,579,871	10,288,761	10,474,668	9,951,781	9,013,299	8,651,059
	6,342,987	6,102,152	6,237,333	6,089,533	5,415,918	5,165,018
	5,140,022	5,178,331	5,211,414	5,029,899	3,826,599	3,778,788
	2,872,819	2,840,657	3,034,745	2,909,229	2,760,442	2,599,376
	1,998,050	797,342	2,314,683	762,762	714,778	1,688,142
	7,474,667	3,488,540	3,499,652	2,793,920	1,787,862	1,418,409
	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	40,538,198	34,444,337	36,074,814	32,385,975	28,172,737	27,789,318
	<u>(2,234,643)</u>	<u>941,234</u>	<u>50,135,308</u>	<u>43,881,785</u>	<u>37,262,418</u>	<u>3,969,789</u>
	-	-	-	-	-	-
	5,813,008	5,768,687	6,304,479	6,571,507	5,878,963	5,497,386
	(6,653,513)	(6,580,756)	(6,756,622)	(6,894,820)	(6,124,238)	(5,723,735)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(840,505)</u>	<u>(812,069)</u>	<u>(452,143)</u>	<u>(323,313)</u>	<u>(245,275)</u>	<u>(226,349)</u>
	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>(3,075,148)</u>	<u>\$ 129,165</u>	<u>\$ 49,683,165</u>	<u>\$ 43,558,472</u>	<u>\$ 37,017,143</u>	<u>\$ 3,743,440</u>

**City of San Gabriel**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

**TABLE 5**

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Assessed Value</u>
2005-2006	2,150,901,303	569,372,241	61,727,068	105,288,407	2,782,000,612	2,887,289,019
2006-2007	2,358,920,255	709,325,979	69,591,831	34,359,941	3,137,838,065	3,172,198,006
2007-2008	2,536,813,542	720,257,939	75,044,285	109,316,027	3,332,115,766	3,441,431,793
2008-2009	2,686,730,011	905,193,306	78,549,777	35,492,334	3,670,473,094	3,705,965,428
2009-2010	2,722,164,237	918,206,629	78,518,715	35,961,299	3,718,889,581	3,754,850,880
2010-2011	2,775,114,206	918,057,248	77,679,876	34,857,400	3,770,851,330	3,805,708,730
2011-2012	2,856,205,133	909,646,117	80,043,712	35,658,601	3,845,890,962	3,881,549,563
2012-2013	2,948,513,283	924,559,905	73,486,182	35,351,485	3,946,559,370	3,981,910,855
2013-2014	3,077,659,813	933,384,303	78,114,044	40,290,255	4,089,297,310	4,129,587,565
2014-2015	3,226,829,597	970,630,484	80,074,371	42,574,924	4,277,534,452	4,320,109,376

Source: Los Angeles County Assessor's Office

**City of San Gabriel  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)**

	Fiscal Year									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
<b>Direct Tax Rates</b>										
Basic Levy	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Voter Approved City Debt Levy	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400
<b>Overlapping Tax Rates</b>										
Alhambra Unified School District	0.0660	0.0667	0.0676	0.0741	0.0600	0.0515	0.0363	0.0546	0.0594	0.0638
County Detention Facilities	-	-	-	-	-	-	-	-	0.0007	0.0008
El Monte Union High School	0.0842	0.0980	0.0899	0.0959	0.0848	0.0965	0.0516	0.0282	0.0585	0.0542
Garvey School District	0.0886	0.0913	0.0883	0.0840	0.0850	0.0784	0.0684	0.0506	0.0507	0.0522
LA Community College	0.0402	0.0445	0.0488	0.0353	0.0403	0.0231	0.0221	0.0088	0.0215	0.0143
L.A. County Flood Control District	-	-	-	-	-	-	-	-	0.0001	0.0001
Metropolitan Water District	0.0035	0.0035	0.0035	0.0037	0.0037	0.0043	0.0043	0.0045	0.0047	0.0052
Pasadena Community College	0.0103	0.0190	0.0206	0.0196	0.0199	0.0230	0.0174	0.0197	0.0208	0.0041
Rosemead School District	0.0989	0.1031	0.1024	0.1051	0.1074	0.1136	0.0687	0.0828	0.0542	0.0752
San Gabriel Unified School District	0.1144	0.1008	0.1052	0.0845	0.1019	0.1007	0.0929	0.0574	0.0493	0.0528
<b>Total Direct and Overlapping Tax Rates</b>	<b>1.6460</b>	<b>1.6670</b>	<b>1.6663</b>	<b>1.6422</b>	<b>1.6429</b>	<b>1.6311</b>	<b>1.5017</b>	<b>1.4467</b>	<b>1.4598</b>	<b>1.4627</b>

Direct Rate is the rate applied pursuant to Proposition 13 and excludes revenues derived from aircraft. Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

Source: Los Angeles County Assessor 2005/06 -2014/15 Tax Rate Table.

**TABLE 7**

**City of San Gabriel  
Principal Property Taxpayers  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

Taxpayer	2015			2014			2013			2012			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Universal Shopping Plaza	62,679	1	1.47%	62,396	1	1.53%	61,172	1	1.55%	59,973	1	1.56%	59,525	1	1.58%
Landwin Hospitality LLC	53,555	2	1.25%	54,106	2	1.32%	53,639	2	1.36%	53,179	2	1.38%	52,722	2	1.40%
San Gabriel Valley Medical Center	39,003	3	0.91%	38,827	3	0.95%	38,065	3	1.30%	37,319	3	0.97%	37,040	3	0.98%
Tony C. Chu Trust	28,904	4	0.68%	28,774	4	0.70%	28,209	4	0.71%	27,656	4	0.72%	27,450	4	0.73%
Lancer Investment LLC	22,161	5	0.52%	22,072	5	0.54%	21,553	5	0.55%	21,248	5	0.55%	25,976	5	0.69%
San Gabriel Medical Plaza LLC Lessee	20,370	6	0.48%	20,278	6	0.50%	19,880	6	0.50%	19,740	6	0.51%	21,501	6	0.57%
Demer Properties Inc.	18,569	7	0.43%	18,485	7	0.45%	18,123	8	0.46%	17,768	8	0.46%	17,635	8	0.47%
Feng Hui Investment LLC	17,500	8	0.41%												
AHMC San Gabriel Valley Medical Ctr. LP	14,313	9	0.33%	13,597	10	0.33%									
San Gabriel Gateway Center	14,099	10	0.33%	14,061	9	0.34%	13,899	10	0.35%	14,789	10	0.39%	16,762	9	0.44%
Setiawan Boedi Trust				14,712	8	0.36%	15,170	9	0.38%	15,170	9	0.39%	15,170	10	0.40%
DMV Investments, LLC							18,413	7	0.50%						
CRE JI California LLC										18,413	7	0.48%	18,523	7	0.49%
Valley Del Mar Plaza LLC															

Source: Los Angeles County Assessor

**City of San Gabriel**  
**Principal Property Taxpayers**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

**TABLE 7**  
continued

Taxpayer	2010			2009			2008			2007			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Universal Shopping Plaza	59,666	1	1.60%	58,496	2	1.59%	57,349	1	1.72%	56,225	2	1.79%	54,439	2	1.97%
Landwin Hospitality LLC	51,911	2	1.40%	54,455	3	1.48%	24,525	2	0.74%	13,609	6	0.43%	13,079	5	0.47%
San Gabriel Valley Medical Center	49,403	3	1.33%	61,190	1	1.67%				60,296	1	1.92%	76,240	1	2.68%
Lancer Investment LLC	26,052	4	0.70%	25,403	4	0.69%									
Valley Del Mar Plaza	22,440	5	0.60%												
San Gabriel Medical Plaza LLC Lessee	21,552	6	0.58%	14,501	8	0.40%				13,938	5	0.44%			
Tony C. Chu Trust	21,300	7	0.57%	20,883	5	0.57%	20,473	3	0.61%	20,072	3	0.64%	19,799	3	0.72%
Demer Properties Inc.	17,677	8	0.48%	17,331	6	0.47%	14,217	6	0.43%	16,658	4	0.53%	18,372	4	0.66%
Setiawan Boedi Trust	16,854	9	0.45%												
San Gabriel Gateway Center	16,801	10	0.45%												
Triunton LLC				16,524	7	0.45%									
Amson Realty LLC				12,004	9	0.33%	16,991	4	0.51%	10,500	8	0.33%			
Setiawan & Dharmawan Trust				10,935	10	0.30%				10,889	7	0.35%			
China Times Inc.										9,077	9	0.29%			
Grand Valley LLC										8,490	10	0.27%	8,324	7	0.30%
King Summer Star LLC													11,014	6	0.40%
Hawaii Property Inc.										16,200	5	0.49%			
Lucky Center LLC										10,710	7	0.32%			
Shih Properties Inc.										9,903	9	0.30%			
Life Plaza Center LLC										10,579	8	0.32%	8,102	8	0.29%
Archdiocese of LA Educ & Welfare										9,316	10	0.28%	8,089	9	0.29%
Thomas K. & Hsui Y. Wong													7,613	10	0.28%

**City of San Gabriel**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

**TABLE 8**

Fiscal Year	Total Tax Levy for Fiscal Year <sup>(1)</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount <sup>(2)</sup>	Percentage of Levy		Amount	Percentage of Levy
2005-2006	6,706,481	6,192,581	92%	470,993	6,663,574	99%
2006-2007	7,456,596	7,213,559	97%	267,278	7,480,837	100%
2007-2008	7,853,970	7,538,774	96%	314,523	7,853,297	100%
2008-2009	8,654,549	8,212,669	95%	345,078	8,557,748	99%
2009-2010	8,974,995	8,127,697	91%	328,444	8,456,142	94%
2010-2011	8,530,846	8,258,096	97%	298,579	8,556,675	100%
2011-2012	9,047,677	8,520,858	94%	569,336	9,090,194	100%
2012-2013	9,585,668	9,128,515	95%	176,089	9,304,604	97%
2013-2014	9,627,987	9,289,993	96%	140,421	9,430,414	98%
2014-2015	10,209,947	9,726,022	95%	124,800	9,850,821	96%

(1) Total original tax levy for the fiscal year.

(2) Collections excluded penalty and interest.

Source: Los Angeles County Auditor-Controller

**City of San Gabriel**  
**Schedule of Direct and Overlapping Debt**  
**June 30, 2015**

**TABLE 9**

	Percent Applicable to City of San Gabriel	Outstanding Debt 6/30/15	Amount Applicable to City of San Gabriel
<u>Direct Debt:</u>			
CITY INDEBTEDNESS	1.000	\$ 5,602,711	\$ 5,602,711
<u>Overlapping Bonded Debt:</u>			
METROPOLITAN WATER DISTRICT	0.424	53,296,395	225,836
GARVEY SCHOOL DISTRICT 2004 SERIES 2005	12.489	5,398,255	674,206
GARVEY SCHOOL DISTRICT 2004 SERIES 2006	12.489	9,479,168	1,183,884
GARVEY SCHOOL DISTRICT 2004 SERIES C	12.489	8,812,964	1,100,680
GARVEY SCHOOL DISTRICT 2011 REFUND BONDS	12.489	5,030,000	628,213
GARVEY SCHOOL DISTRICT 2013 REFUND BONDS	12.489	7,460,000	931,704
ROSEMEAD SCHOOL DISTRICT DS 2000 SERIES C	11.721	165,000	19,340
ROSEMEAD SCHOOL DISTRICT DS 2007 SERIES D	11.721	12,770,000	1,496,803
ROSEMEAD SCHOOL DISTRICT DS 2008 SERIES A	11.721	8,405,000	985,171
ROSEMEAD SD DS 2011 REF BONDS	11.721	5,340,000	625,914
ROSEMEAD SD DS 2012 REF BONDS	11.721	8,326,503	975,970
ROSEMEAD SD DS 2008 SERIES T 1	11.721	6,240,000	731,406
EL MONTE UNION HSD DS 2002 SERIES A	2.470	1,105,000	27,298
EL MONTE UNION HSD DS 2006 REFUNDING BONDS	2.470	32,182,565	795,054
EL MONTE UNION HSD DS 2002 SERIES C	2.470	26,815,000	662,451
EL MONTE UNION HSD DS 2008 SERIES A	2.470	51,810,339	1,279,948
EL MONTE UNION HSD DS 2008 SERIES B	2.470	30,278,694	748,020
LA CCD DS 2003 TAXABLE SERIES 2004B	0.603	2,115,000	12,752
LA CCD DS 2001 TAXABLE SERIES 2004A	0.603	31,555,000	190,259
LA CCD DS REFUNDING 2001 SERIES 2005A	0.603	18,140,000	109,374
LA CCD DS 2001, 2006 SERIES B	0.603	20,360,000	122,760
LA CCD DS 2003, 2006 SERIES C	0.603	10,265,000	61,892
LA CCD DS 2001, 2008 SERIES E-1	0.603	26,160,000	157,730
LA CCD DS 2003, 2008 SERIES F-1	0.603	25,525,000	153,902
LA CCD DS 2008, 2009 TAXABLE SERIES A	0.603	75,000,000	452,209
LA CCD DS 2008, 2009 TAXABLE SERIES B	0.603	175,000,000	1,055,153
LA CCD DEBT 2008, 2010 TAX SERIES D	0.603	125,000,000	753,681
LA CCD DEBT 2008, 2010 TAX SER E (BABS)	0.603	900,000,000	5,426,504
LA CCD DS 2013 REFUNDING BONDS	0.603	268,075,000	1,616,344
LA CCD DS 2008 SERIES G	0.603	2,205,070,000	13,295,356
PASADENA AREA CCD DS 2006 SERIES B	0.423	25,385,000	107,348
PASADENA AREA CCD DS 2002, 2006 SERIES D	0.423	24,160,000	102,168
PASADENA AREA CCD DS 2002, 2009 SER E (BABS)	0.423	25,295,000	106,967
PASADENA AREA CCD DS 2014 REFUNDING SERIES A	0.423	16,780,000	70,959
SAN GABRIEL USD DS 2002 SERIES B	74.328	1,112,600	826,969
SAN GABRIEL USD DS 2005 REF. BONDS	74.328	4,918,892	3,656,093
SAN GABRIEL USD DS 2002 SER 2007 C	74.328	15,245,000	11,331,239
SAN GABRIEL USD DS 2008 SERIES A	74.328	10,422,878	7,747,073
SAN GABRIEL USD DS 2010 REFUND BONDS	74.328	17,748,245	13,191,841
SAN GABRIEL USD DS 2008 SERIES B	74.328	6,390,000	4,749,532
SAN GABRIEL USD DS 2012 REF BOND SERIES B	74.328	16,873,464	12,541,637

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**City of San Gabriel**  
**Schedule of Direct and Overlapping Debt**  
**June 30, 2015**

**TABLE 9**  
continued

	Percent Applicable to City of San Gabriel	Outstanding Debt 6/30/15	Amount Applicable to City of San Gabriel
SAN GABRIEL USD DS 2008 SERIES C	74.328	22,997,960	17,093,827
ALHAMBRA USD DS 1999 SERIES A	0.014	4,619,036	645
ALHAMBRA USD DS 1999 SERIES B	0.014	5,539,864	781
ALHAMBRA USD DS 2005 REFUNDING BONDS	0.014	4,565,000	637
ALHAMBRA USD DS 2004 SERIES A	0.014	23,674,987	3,304
ALHAMBRA USD DS 2008 SERIES A SFID	0.014	13,199,721	1,842
ALHAMBRA USD-GARVEY DS 2004 SERIES B	0.014	5,950,000	830
ALHAMBRA USD DS 2008 SERIES B	0.014	3,555,000	496
ALHAMBRA USD DS 2008 SERIES B-1 QSCB	0.014	10,409,000	1,453
ALHAMBRA USD-GARVEY DS 2012 REF SERIES A	0.014	34,774,695	4,853
ALHAMBRA USD-GARVEY DS 2012 REF SERIES B	0.014	34,315,000	4,789
Total Overlapping Debt:			108,045,101
Total Direct and Overlapping Debt:			\$ 113,647,812

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.

Source: HdL Coren & Cone, Los Angeles County Assessor and Auditor Combined 2014/15 Lien Date Tax Rolls.

**City of San Gabriel**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	Fiscal Year			
	2015	2014	2013	2012
Assessed value	4,277,534,452	4,089,297,310	3,946,559,370	3,845,890,962
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,069,383,613	1,022,324,328	986,639,843	961,472,741
Debt limit percentage	15%	15%	15%	15%
Debt limit	160,407,542	153,348,649	147,995,976	144,220,911
Total net debt applicable to limit:	-	-	-	-
Legal debt margin	160,407,542	153,348,649	147,995,976	144,220,911
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

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.

Source: (1) Los Angeles County Assessor  
(2) City Finance Department

**TABLE 10**

Fiscal Year					
2011	2010	2009	2008	2007	2006
3,770,851,330	3,718,889,581	3,670,473,094	3,332,115,766	3,136,693,839	2,782,000,612
25%	25%	25%	25%	25%	25%
942,712,833	929,722,395	917,618,274	833,028,942	784,173,460	695,500,153
15%	15%	15%	15%	15%	15%
141,406,925	139,458,359	137,642,741	124,954,341	117,626,019	104,325,023
-	-	-	-	-	-
141,406,925	139,458,359	137,642,741	124,954,341	117,626,019	104,325,023
0%	0%	0%	0%	0%	0%

**City of San Gabriel**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

TABLE 11

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<u>Fiscal Year</u>	<u>City Population <sup>(1)</sup></u>	<u>Personal Income <sup>(2)</sup></u> <u>(In Thousands)</u>	<u>Per Capita Personal</u> <u>Income <sup>(2)</sup></u>	<u>Unemployment</u> <u>Rate <sup>(3)</sup></u>
2006	42,320	842,210	19,976	4.70%
2007	42,691	877,029	20,740	5.20%
2008	42,762	888,014	20,917	7.10%
2009	42,829	868,932	20,363	11.30%
2010	42,984	956,609	22,255	10.40%
2011	39,926	984,455	24,657	10.10%
2012	39,945	1,009,727	25,147	7.60%
2013	40,153	995,691	24,699	6.20%
2014	40,517	991,119	24,574	5.10%
2015	40,900			

Source: (1) Estimates from California State Department of Finance  
(2) HDL report.  
(3) California Employment Development Department

# City of San Gabriel Principal Employers Last Ten Years

**TABLE 12**

Employer	2015		2014		2013		2012		2011		2010		2009		2008		2007		2006		
	No. of Emp	% of Total City Emp																			
AHMC SAN GABRIEL VALLEY MEDICAL	1025	12.65%	1019	12.57%	1009	11.79%	1009	11.79%	912	11.69%	924	11.51%	860	11.12%	791	11.14%					
99 RANCH MARKET	185	2.28%	175	2.16%	177	2.07%	177	2.07%	188	2.41%	180	2.24%	180	2.33%	180	2.53%	180	2.58%	171	2.53%	
IVY CREEK HEALTHCARE & WELLNESS CENTER	142	1.75%	119	1.47%	119	1.39%	119	1.39%	113	1.45%	114	1.42%	101	1.31%	103	1.45%	105	1.50%	103	1.52%	
FIVE STAR SEAFOOD RESTAURANT	131	1.62%	129	1.59%	119	1.39%	115	1.34%													
SAN GABRIEL SUPERSTORE	130	1.60%	130	1.60%	130	1.52%	124	1.45%	121	1.55%	139	1.73%	143	1.85%	154	2.17%	154	2.21%	144	2.13%	
SGV HEATHCARE INC. (aka Live Oak)	115	1.42%	116	1.43%	125	1.46%	252	2.95%	140	1.79%	137	1.71%	136	1.76%	119	1.68%	111	1.59%	92	1.21%	
MED QUICK PRESCRIPTION SHOPPE	112	1.38%																			
VISTA COVE CARE CENTER (909 W. Santa Anita, SG)	111	1.37%	112	1.38%	104	1.22%	104	1.22%	104	1.33%	103	1.28%	99	1.28%	87	1.23%	95	1.36%	109	1.61%	
HAWAII SUPERMARKET	111	1.37%	103	1.27%	105	1.23%	105	1.23%	120	1.54%	130	1.62%	120	1.55%	139	1.96%	125	1.79%	121	1.79%	
SAN GABRIEL COUNTRY CLUB	103	1.27%	102	1.26%	111	1.30%	111	1.30%	100	1.28%											
PINE GROVE HEALTHCARE & WELLNESS CENTER	101	1.25%	101	1.25%	108	1.26%	108	1.26%	103	1.32%	95	1.18%	88	1.14%	92	1.30%	90	1.29%	90	1.33%	
TENDER CARE HOME HEALTH	96	1.18%	111	1.37%	109	1.27%	109	1.27%													
168 MARKET #803	88	1.09%	95	1.17%	107	1.25%	107	1.25%													
COUNTRY VILLA BROADWAY HEALTH CARE CENTER (AG San Gabriel LLC)	84	1.04%			59	0.69%	76	0.97%	71	0.88%	76	0.98%	69	0.97%	69	0.97%	76	1.09%	57	0.84%	

# City of San Gabriel

**TABLE 13**

## Full-time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

<u>Function/Program</u>	Full-time Equivalent Employees									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government										
Management services	8	8	7	7	7	6	7	7	7	7
Finance	9	8	9	7	8	9	9	8	8	8
Planning	3	3	3	4	4	3	4	4	4	4
Building	2	2	4	4	4	4	4	2	2	2
Other	4	4	5	5	5	4	5	5	6	4
Police										
Officers	51	53	52	52	53	54	57	60	54	53
Civilians	16	15	14	14	14	15	14	13	14	14
Fire										
Firefighters and officers	28	28	29	29	30	33	33	33	31	33
Civilians	1	1	1	1	1	1	2	2	2	2
Highways and streets										
Engineering	4	3	3	3	3	2	3	2	2	2
Maintenance	13	13	16	17	17	17	17	16	16	19
Redevelopment	0	0	0	1	1	1	2	2	0	1
Parks and recreation	18	18	20	21	21	22	17	22	20	21
Total	157	156	163	165	168	171	174	176	166	170

Source: City Finance Department

# City of San Gabriel

## Operating Indicators by Function/Program

### Last Ten Fiscal Years

**TABLE 14**

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government										
Building permits issued	1,715	1,734	1,682	1,517	1,349	1,355	1,344	1,773	1,648	1,293
Building inspections conducted	5,448	5,103	4,794	5,256	5,143	5,381	5,396	5,956	5,947	4,671
Police										
Physical arrests	582	587	617	691	825	722	670	652	598	868
Parking violations	15,720	14,689	14,246	18,196	18,196	17,165	14,870	12,731	13,836	12,432
Traffic violations	5,578	5,617	6,312	9,400	9,400	10,001	7,783	7,136	4,865	7,456
Fire										
Emergency responses	2,562	2,340	2,283	2,300	2,102	2,008	2,125	2,173	2,331	1,805
Inspections	2,164	3,408	2,641	2,173	2,638	2,615	2,619	2,448	2,420	2,423
Highways and streets										
Street resurfacing (miles)	3.6	-	0.5	10.3	1.0	3.0	10.8	0.8	0.0	0.0
Culture and recreation										
Classes offered	489	362	459	326	352	352	266	294	285	289
Facility rentals	100	105	44	55	52	51	48	50	45	35

Source: City Finance Department

**City of San Gabriel  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

**TABLE 15**

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	34	38	37	35	27	26	26	27	27	27
Fire										
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets (miles)	80	80	72	72	72	72	72	72	72	72
Streetlights	800	800	800	800	800	800	800	800	800	800
Traffic signals	36	36	36	36	36	36	36	36	36	36
Culture and recreation										
Parks acreage	25	25	25	25	25	25	25	25	25	25
Parks	4	4	4	4	4	4	4	4	4	4
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	6	6	6	6	6	6	6	6	6	6
Community centers	2	2	2	2	2	2	2	2	2	2

Source: City Finance Department