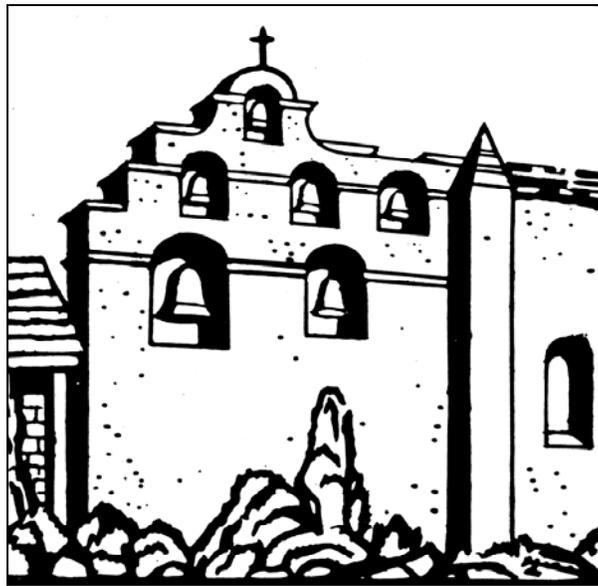


CITY OF SAN GABRIEL CALIFORNIA



FOUNDED 1771
CITY WITH A MISSION

Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2014

CITY OF SAN GABRIEL, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
For the Year Ended June 30, 2014

Prepared by:
FINANCE DEPARTMENT
Thomas Marston
Director of Finance

**City of San Gabriel
Comprehensive Annual Financial Report
For the year ended June 30, 2014**

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Comprehensive Annual Financial Report
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City of San Gabriel

◆ City With A Mission ◆ Founded 1771

December 15, 2014

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, 2014.

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, 2014, 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, 2014 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.

Governments receiving over \$500,000 in federal awards, either directly or through an intermediate level of government are required to undergo a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. For the fiscal year ended June 30, 2014 the City of San Gabriel did not receive over \$500,000 in federal awards and consequently the standards

governing Single Audit engagements do not require the independent auditor to conduct a Single Audit. However, in addition to the Independent Auditors' Report contained within the City of San Gabriel's Comprehensive Annual Financial Report, the City of San Gabriel has also received a report on the City of San Gabriel's Internal Control over Financial Reporting and on Compliance with Legal Requirements. This report, disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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 30th. 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 started to recover from the recession, resulting in an increase in development activity over the past year. Development is expected to continue over the next few years. The two main revenue sources for general government purposes are property taxes and utility user taxes. Property taxes have slowly 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. Under California's property tax system and due to the stability of the community, the assessed value of property has not been prone to dramatic annual changes as evidenced in other community across the nation and state.
2. Depending on the rate of decrease of real market value, 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, but is more insulated from economic downturns due to the high education and skill of its population along with its strong attraction to Asian Pacific visitors and investors.

San Gabriel's local economy is performing well and there are many signs of renewed economic activity. Local unemployment remains one of the lowest in the region and is a testament to the City's diverse economic base. Recovery of the housing market is well underway. In Los Angeles County, the Auditor-Controller has indicated that the City of San Gabriel's assessed valuation has increased 4.6%. 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 renewed interest in numerous projects, particularly multi-unit housing, hotels, and office projects.

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. This planning document's contents are incorporated into the each fiscal year's planning and budgetary processes.

San Gabriel has a rich history and a 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 related issues. Towards that end, major road and sewer improvement projects have been identified and included for future appropriation. Specific street improvement or intersection improvements

projects on Las Tunas and Broadway were included, as well as, the planning of the eventual replacement of the Police Station and Public Works Yard. The City's sewer system is also in need of improvements and consequently alternative strategies are currently under consideration in order to take a proactive approach to ensuring the long-term viability of the system.

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 .7%.

Risk Management

The City is a member of the California Joint Powers Insurance Authority. The Authority is composed of over a 120 California public entities and is organized under a joint powers agreement pursuant to California Government. 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 coverage. The Authority's pool began in 1978, each member government has an elected official as its representative on the Board of Directors and the Board operates through a 9-member Executive Committee. At June 30, 2014, the claims payable for workers' compensation and general liability, based on information available to the City, were \$2,322,503 and \$1,022,586 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 to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period 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.

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 non-police 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 in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annually aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

Workers' Compensation:

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety 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 in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability 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 (formerly called environmental insurance) which is available through the Authority. The policy covers

sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of 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, 2011 through July 1, 2014. 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 \$24,111,950. 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 2013-14.

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.

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 87 retired employees receiving these benefits. With the implementation of GASB Statements 43 and 45 the City of San Gabriel has begun disclosing 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 five 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, 2013. This was the twenty-third 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

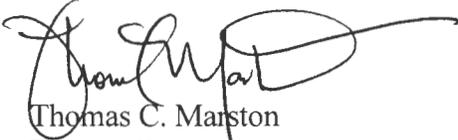
is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2014

CITY COUNCIL

John R. Harrington - Mayor

Jason Pu - Vice Mayor

Juli Costanzo

Chin Ho Liao

Kevin Sawkins

ELECTED OFFICIALS

Eleanor K. Andrews - City Clerk

John Janosik - City Treasurer

ADMINISTRATION AND DEPARTMENT HEADS

City Manager

Assistant City Manager

Police Chief

Fire Chief

Director of Finance

Director of Community Development

Director of Parks and Recreation

Director of Public Works

Mission Playhouse Director

Steven A. Preston

Marcella Marlowe

David Lawton

Jim Frawley

Thomas Marston

Jack L. Wong

Rebecca Perez

Daren Grilley

Anna Cross



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, 2013

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, 2014, 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, 2014, 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.

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 funding progress and the budgetary comparison schedules, listed in the table of contents as required supplementary information, 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 management's discussion and analysis and the schedule of funding progress 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 management's discussion and analysis and the schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules have 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 of the City 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 budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 15, 2014 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 Nick Evans LLP

Irvine, California
December 15, 2014

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, 2014. Please read it in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's net position decreased 1.1% to \$52.9 million as a result of this year's operations.
- During the year, the City's governmental expenditures exceeded taxes and general revenues by \$.6 million.
- The total revenues from all sources equaled \$36.1 million.
- The total cost of all City programs equaled \$36.7 million.
- The General Fund reported a negative net change in fund balance of \$.7 million.
- For the General Fund, actual resources available for appropriation (revenues and transfers in) were less than the final budget by \$9.4 million, while actual expenditures were \$13.6 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.

See independent auditors' report.

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, parks and recreation 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.

See independent auditors’ report.

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 in the General 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)

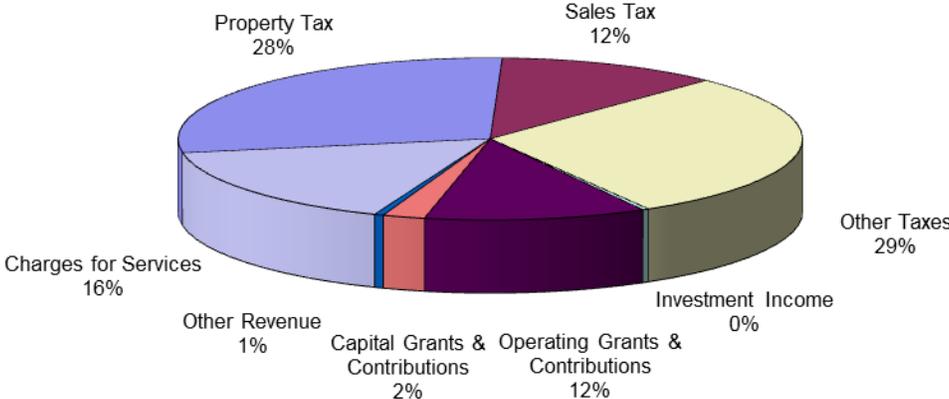
	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 28.2	\$ 25.4
Advances to trust fund	1.3	1.3
Capital Assets	<u>39.7</u>	<u>40.7</u>
Total Assets	\$ 69.2	\$ 67.4
Current Liabilities	4.0	3.5
Noncurrent Liabilities	<u>12.3</u>	<u>10.4</u>
Total Liabilities	16.3	13.9
Net Position:		
Net investments in capital assets	39.7	40.7
Restricted for:		
Special projects	15.3	12.4
Unrestricted	<u>(2.1)</u>	<u>.4</u>
Total Net Position	<u>\$ 52.9</u>	<u>\$ 53.5</u>

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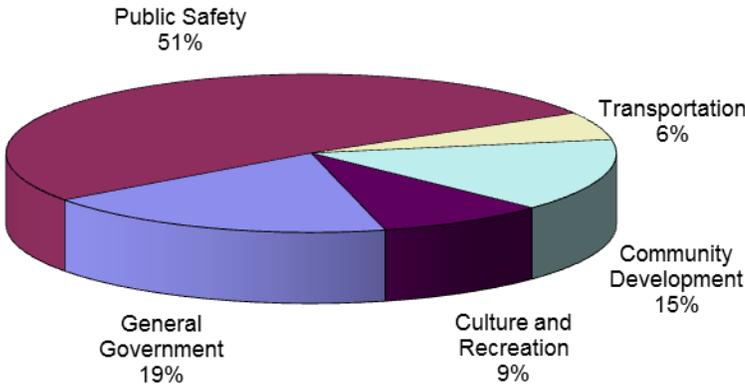
The City's net position from governmental activities decreased 1.1% from \$53.5 million to \$52.9 million. This decrease of \$.6 million comes from the change in net position as recorded in the Statement of Activities and flows through the Statement of Net Position.

FISCAL YEAR 2014 GOVERNMENTAL ACTIVITIES
(See Table 2)

Sources of Revenue
Total - \$36,138,868



Functional Expenses
Total - \$36,726,666



See independent auditors' report.

Table 2
Statement of Activities
(in Millions)

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Revenues		
Program Revenues		
Charges for Service	\$ 5.8	\$ 5.6
Operating Contributions and Grants	4.1	5.8
Capital Contributions and Grants	.8	.9
General Revenues		
Taxes		
Property Taxes	10.3	9.7
Utility User Taxes	4.6	4.7
Sales Taxes	4.2	4.2
Franchise Taxes	.6	.6
Transient Occupancy Taxes	1.4	1.2
Property Transfer Taxes	.2	.1
Motor Vehicle in Lieu	3.8	3.7
Investment Income	.2	.2
Other Revenue	<u>.1</u>	<u>.1</u>
Total Revenues	<u>36.1</u>	<u>36.8</u>
Expenses		
General Government	6.9	7.2
Public Safety	18.9	19.6
Transportation	2.1	3.0
Community Development	5.5	5.5
Culture and Recreation	<u>3.3</u>	<u>3.5</u>
Total Expenses	<u>36.7</u>	<u>38.8</u>
Increase (decrease) in net position	<u>\$ (.6)</u>	<u>\$ (2.0)</u>

The City's total revenues were \$36.1 million, while the total cost of all programs and services were \$36.7 million. This is a 1.9% decrease in revenue and a 5.4% decrease in expenses over the prior year. The major increase in revenue is from Property and Transient Occupancy Taxes which will be used for general operating expenses of the City helped offset a decrease in operating grants and contributions. This increase in Property and Transient Occupancy tax revenue is reflective of an improving local economy and a change in the Transient Occupancy Tax from 8% to 10% approved by the voters at the March 2013 election. The decrease in operating and capital contributions and grants stems from the City not receiving an allocation from the State of California, a smaller receipt of funding from the Federal Government, and a smaller allocation under the Community Development Block Grant Program than the prior year.

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Government Activities

Table 3 presents the cost of each of the City’s five largest programs—general government, public safety, transportation, community development and culture and recreation—as well as the *net cost* (total cost less revenues generated by the activities). 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Expenses				
General Government	\$6.9	\$ 7.2	\$ (6.0)	\$(6.2)
Public Safety	18.9	19.6	(16.1)	(16.7)
Transportation	2.1	3.0	(.3)	(.9)
Community Development	5.5	5.5	(1.2)	(.1)
Culture and Recreation	<u>3.3</u>	<u>3.5</u>	<u>(2.3)</u>	<u>(2.6)</u>
Totals	<u>36.7</u>	<u>38.8</u>	<u>(25.9)</u>	<u>(26.5)</u>

- Community Development includes costs attributable to the closure of the Redevelopment Agency as more fully provided In Note 13 – Recent changes in legislation affecting California Redevelopment Agencies. Due to this elimination of redevelopment agencies, these expenses will decrease as each enforceable obligation is extinguished. Because the City's Low and Moderate Income Housing Fund was intricately related to the former Redevelopment Agency, when that entity was dissolved, so to was the City's Low and Moderate Income Housing Fund. Each enforceable obligation related to Low and Moderate income housing has been extinguished and the housing functions have been assumed by the Los Angeles County Housing Authority.
- The net cost of services indicates that the overall cost of government is greater than the revenues generated to support it from fees and user charges. This is an indication that the taxes and general revenues charged by the City are necessary to support operations. The largest areas of tax support come from the property taxes \$10.3 million, Utility Users Taxes \$4.6 million, and Sales Taxes of \$4.2 million. See the Statement of Activities for further detail on program revenues and general revenues.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

At year-end the City’s governmental funds reported combined fund balances of \$22.4 million, which is a \$2.0 million increase from last year. Included in this amount is a net decrease in fund balance for the General fund of approximately \$.7 million.

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- The City's General Fund Unassigned Fund Balance is \$3 million. This equals the City's desire of having 10% of expenditures available for emergencies and for immediate appropriation. In addition, the City's Successor Agency currently owes the General Fund approximately \$1.2 million as an outstanding obligation due to the closure of the redevelopment agency and once the Successor Agency receives approval through the ROPS process, a significant portion of that loan should be repaid. Additionally, this former redevelopment loan makes up all of the Non Spendable Fund Balance. Consequently, if the loan amount were 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 expenditures. A new Public Works Yard and Police Station are currently through the design stages of planning and these two projects make up the largest portion of the City's Committed Fund Balance. Similar to the Nonspendable portion of the General Fund, these two projects while Committed are still in a position that at least a portion of these Funds 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. In addition, there is a continued firm commitment by management to reduce expenditures providing for a significant "under-expenditure" of the approved budget.
- The Retirement fund revenues increased due to an increase in assessed valuations over the prior year. Transfers out, made to cover the retirement expenditures accounted for in other funds had an aggregated decrease due to a policy decision, which included a decision to not fill vacant positions. Consequently, the Retirement Fund transferred a lower nominal dollar amount than the prior year. The City's decision, therefore masked the fact that actuarial rates for the City's CalPERS defined benefit program have increased similar to other CalPERS member agencies, but are also higher due to the implementation of GASB 45 whereby 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 Community Development Block Grant Fund's expenditures were approximately the same as the prior year and this was due to the further delayed implementation of a Streetscape Improvement Project. This is a project that is also inter-related with the closure of the City's Redevelopment Agency. The City was not able to begin a second phase of the Streetscape Improvement Project on San Gabriel Boulevard. It is now anticipated that the Streetscape Improvement Project will be reprogrammed for street improvements in order to meet the expenditure timeline requirements of the CDBG program. In addition, it is fully anticipated that the City will have reduced CDBG allocations in the future from the U.S. Government once the reprogrammed Streetscape funds have been received and spent.
- The Proposition C Fund balance decreased approximately \$53,000 reaching an ending fund balance of approximately \$2 million. The City planned to accumulate these funds for major street improvement projects pursuant to a Capital Reserve agreement with the Los Angeles Metropolitan Transportation Agency. These improvements are scheduled for the 2014-15 fiscal year.
- The Gas Tax Fund shows an ending total fund balance of approximately \$2.7 million having received approximately \$1.3 million or 33% more Gas Tax revenues this year than last year. The current year's expenditures of approximately \$133,000 represent improvements for Fairview Avenue and engineering costs for the Broadway and Walnut Grove intersection improvement. The \$600,000 transfer to the General Fund provides funds for annual street maintenance and repair costs.

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- The Waste Management Fund balance increased approximately \$450,000 reaching an ending fund balance of approximately \$2.7 million as the City is striving to accumulate funds for major street improvement projects that are scheduled to be initiated in the 2014-15 fiscal year.
- The Other Grants Fund shows an ending total fund balance of approximately .1 million having received reimbursements from granting agencies for Homeland Security expenditures. The current year's expenditures of .5 million 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

The final expenditures for the General Fund at year-end were \$13.6 million less than the final budget. The budget to actual variance in appropriations was due to departments spending less than their budget and historical average. This under expenditure was significantly increased due to the delay in several construction projects but most notably the Public Works Yard. It was anticipated to begin the construction phase of this \$10.2 million project, but was delayed due to a prolonged effort to have the site properly graded. Because of this delay, the City strategically delayed taking a \$7.8 million loan which caused the actual revenues for the General Fund to be substantially less than the final budget. In some instances, some operating departments individual cost centers exceeded that cost center's budget. Those specific instances are shown below.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
City Attorney	\$176,840	\$198,958	\$(22,118)
Information Technology	129,951	184,528	(54,577)
Human Resources	628,236	679,935	(51,699)
General Services	2,945,725	2,993,701	(47,976)
Neighborhood Improvement	183,376	185,590	(2,214)
Mission Playhouse	900,757	901,581	(824)
Facility Maintenance	148,875	182,222	(33,347)

Actual revenues were less than the final budget by \$9.4 million. \$7.8 million of the difference was due to the previously explained delayed proceeds from the Public Works Yard loan and another \$1.0 million in Special Plan Check Fees that will be collected in 2014-15 and are attributable to a combination of hotel developments. 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 which totaled approximately \$3.5 million and this increase represents an appropriation for capital items not completed by the close of the prior year.

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CAPIAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014, the City had \$39.7 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 decrease (including additions and deductions) of \$1.0 million or 2.46% below 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>2014</u>	<u>2013</u>
Land & Construction in progress	\$ 9.7	\$ 8.9
Buildings & Improvements	7.6	8.1
Machinery & Equipment	3.0	2.8
Infrastructure	<u>19.4</u>	<u>20.9</u>
Totals	<u>\$39.7</u>	<u>\$40.7</u>

Debt

At year-end, the City had no outstanding bonded indebtedness. The City's only long-term liability is for compensated absences for accumulated employee vacation and sick-time, Other Post Employee Benefits (OPEB), or claims liability arising from normal governmental operations. At year-end the City's liability for Compensated Absences was \$2,560,821 or \$139,895 more than the prior year. Of the \$2,560,821, \$810,408 is anticipated to be due within one year. The City's Other Post Employee Benefits liability was \$8,220,504, which is \$1,203,504 more than the prior year. At year-end the City's liability for Claims Payable/Self Insurance was \$3,345,089 or \$661,708 more than the prior year. Of the \$3,345,089, it is estimated that \$1,003,527 to be due within one year. Readers desiring more detailed information on debt will find it in the disclosure provided in the Basic financial Statements (Note #5 on page 57.)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2014-15 budget was developed based on the City's five principles and five initiatives. All department performance levels have been developed to support these principles and initiatives.

Five Principles...

- * Transparency
- * Community Engagement
- * Customer Service
- * Diversity
- * Smart Organization

...Five Initiatives

- * Infrastructure
- * Public Safety
- * Economic Development
- * Arts and Culture
- * Quality of Life

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The fiscal year 2014-15 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 neither represent and "aggressive" nor "conservative" bias, but rather the highest level of confidence point estimate. The fiscal year 2014-15 budget anticipates key City revenues including property tax, utility user tax and property transfer tax will increase during the 2014-15 fiscal year. In some cases such as property transfer tax, revenue growth is expected to be stronger than in recent years as the economic recovery gains momentum and the initial effects of the recent increase property assessments are realized as a precursor to anticipated building development.

For the City of San Gabriel, it is clear positive economic trends are gaining momentum and increased revenues are signs that we have emerged past the Great Recession. 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 budget now contains a set of Financial Policies 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 2009 and July 2014 the City's pension contribution rates have increased 27% for tier 1 non-safety employees (from 18.336% to 23.23%) and 38% for tier 1 safety employees (from 28.989% to 39.91%). Since fiscal year 2008-09 and beginning January 1, 2014, the cost of City provided cafeteria benefits provided to each fulltime employee have risen 37% (from \$1,147 to \$1,567 per month). CalPERS recently provided information to member agencies regarding the 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 agreements and discussions are currently taking place to cap the employer contribution for cafeteria benefits beginning January 1, 2015.

The State of California has improved financially over the prior year. Heavily dependent on sales tax and income tax revenues, the improvement in the economy has dramatically impacted the state. The state recently projected a second consecutive year of surplus and the State's adopted fiscal year 2015 budget plans to use this surplus to further pay down the "wall of debt" accumulated over time.

The State has effectively ended redevelopment agencies in California. Through legislation and subsequent court action, more than 400 local redevelopment agencies in California were dissolved as of February 1, 2012, thereby eliminating a critical mechanism to improve communities and create jobs through the elimination of blight and support for economic development and the expansion of low and moderate income housing. For the City of San Gabriel, the unwinding of redevelopment has been difficult due to the uncertainties that exist in the interpretation of the laws. It should be noted that the financial reporting of the dissolved San Gabriel Redevelopment Agency is now through the San Gabriel Successor Agency contained in the City's Fiduciary Funds Section of the Financial Statements. These treatments are required by Generally Accepted Accounting Principles and are further explained in more detail in footnotes to the financial statements.

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Looking at the National level, the growing federal deficit is likely to impact City finances but fortunately except for the Community Development Block Grant Program, not in the near term due to the recent budget agreement. The agreement, which averted a government shutdown did contain a significant provision in the big bill relating to financially failing multi-employer pension plans that would allow cuts for current retirees. Supporters said it was part of an effort to prevent a slow-motion collapse of a system that provides retirement income to millions. While pension and other pension costs are a concern, the City of San Gabriel has a history of being proactive in adequately funding retiree costs. The City has established a specific revenue source, is a member of CalPERS, created an OPEB trust account and is currently proactively working with employees to help share the funding of the system.

The City's 2014-15 budget takes into account both the historical and emerging trends for the community in projecting transient occupancy tax, sales tax, and property taxes. In evaluating the cities programs and projects San Gabriel has continued to manage its limited resources by implementing the reorganization of several departments including City Clerk, Fire, Public Works, Community Development and Parks and Recreation which is now re-titled as the Community Services Department. The fiscal 2014-15 budget maintains a positive financial position with adequate reserve levels. Infrastructure improvements are again taking center stage in fiscal year 2014-15 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 1.1 miles of Las Tunas Drive between Muscatel Avenue and San Gabriel Boulevard, initiating sewer system repairs and maintenance as part of the City's sewer master plan, designed to ensure compliance with Federal and State requirements, begin construction on a new \$10.2 million City Maintenance Facility, build the new Marshall Community Park, which is San Gabriel first new park in more than a decade, on the vacated campus of John Marshall Elementary School. The 2014-15 budget reflects an increase in operating expenditures, equally offset by increases in revenue with the results producing a "balanced budget." The Budget included a recommendation to increase several revenues including, receipting \$2 million in Sewer User Fees to be used for the maintenance and improvement of the City's sewer system. In addition to the sewer user fee, only minor fee increases were approved. These included an increase for an overnight parking permit, a charge for hanging street banners, and an increase for booking and utilizing the box office at the Mission Playhouse.

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, 2014

	Primary Government <u>Governmental Activities</u>
ASSETS:	
Current assets:	
Cash and investments	\$ 25,747,607
Accounts receivable	1,193,173
Interest receivable	47,216
Due from other governments	<u>1,237,285</u>
Total current assets	<u>28,225,281</u>
Noncurrent assets:	
Advance to trust fund	1,284,945
Capital assets:	
Nondepreciable assets	9,736,357
Depreciable assets, net	<u>30,000,639</u>
Total noncurrent assets	<u>41,021,941</u>
Total assets	<u>69,247,222</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	965,051
Accrued liabilities	933,320
Due to other governments	259,599
Deposits payable	18,247
Compensated absences, due within one year	810,408
Claims payable, due within one year	<u>1,003,527</u>
Total current liabilities	<u>3,990,152</u>
Noncurrent liabilities:	
Compensated absences, due in more than one year	1,750,413
Claims payable, due in more than one year	2,341,562
Other post employment benefit liabilities, due in more than one year	<u>8,220,504</u>
Total noncurrent liabilities	<u>12,312,479</u>
Total liabilities	<u>16,302,631</u>
NET POSITION:	
Investment in capital assets	39,736,996
Restricted for:	
Special projects	15,319,010
Unrestricted	<u>(2,111,415)</u>
Total net position	<u>\$ 52,944,591</u>

See independent auditors' report and notes to basic financial statements.

City of San Gabriel
Statement of Activities
For the year ended June 30, 2014

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	
Primary government:					
Governmental activities:					
General government	\$ 6,907,530	\$ 881,188	\$ 20,844	\$ -	\$ (6,005,498)
Public safety	18,953,862	2,169,374	567,806	67,183	(16,149,499)
Community development	5,469,123	1,982,011	2,201,099	64,429	(1,221,584)
Culture and recreation	3,290,862	815,468	20,128	145,289	(2,309,977)
Transportation	2,105,289	6,000	1,337,455	510,338	(251,496)
Total governmental activities	\$ 36,726,666	\$ 5,854,041	\$ 4,147,332	\$ 787,239	(25,938,054)
General revenues:					
Taxes:					
Property taxes					10,261,507
Utility users tax					4,596,568
Sales taxes					4,177,364
Franchise taxes					587,201
Transient occupancy taxes					1,425,873
Property transfer tax					176,835
Motor vehicle in lieu - unrestricted					3,836,014
Investment income					118,520
Other					170,374
Total general revenues					25,350,256
Change in net position					(587,798)
Net Position - Beginning of Year					53,532,389
Net Position - End of Year					\$ 52,944,591

See independent auditors' report and notes to basic financial statements.

FUND FINANCIAL STATEMENTS

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

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GOVERNMENTAL FUND

FINANCIAL STATEMENTS

City of San Gabriel
Balance Sheet
Governmental Funds
June 30, 2014

	Special Revenue Funds		
	General	Retirement	Proposition C Local Return
ASSETS			
Cash and investments	\$ 6,096,458	\$ 2,003,178	\$ 2,024,886
Accounts receivable	1,011,899	-	-
Interest receivable	47,216	-	-
Due from other funds	37,030	-	-
Due from other governments	687,602	86,727	-
Advance to trust fund	1,284,945	-	-
Total assets	\$ 9,165,150	\$ 2,089,905	\$ 2,024,886
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 650,668	\$ -	\$ 32,854
Accrued liabilities	877,959	-	11,981
Due to other funds	-	-	-
Due to other governments	259,599	-	-
Deposits payable	18,247	-	-
Total liabilities	1,806,473	-	44,835
Deferred Inflows of Resources:			
Unavailable revenues	8,440	-	-
Total deferred inflows of resources	8,440	-	-
Fund Balances (Deficit):			
Nonspendable	1,284,945	-	-
Restricted	18,247	2,089,905	1,980,051
Committed	2,951,643	-	-
Assigned	132,488	-	-
Unassigned	2,962,914	-	-
Total fund balances (deficit)	7,350,237	2,089,905	1,980,051
Total liabilities, deferred inflows of resources and fund balances	\$ 9,165,150	\$ 2,089,905	\$ 2,024,886

See independent auditors' report and notes to basic financial statements

Special Revenue Funds (Continued)

Community Development Block Grant	Other Grants	Waste Management	State Gas Tax	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 33,885	\$ 2,669,959	\$ 2,607,212	\$ 5,517,757	\$ 20,953,335
-	-	53,320	127,954	-	1,193,173
-	-	-	-	-	47,216
-	-	-	-	-	37,030
39,975	398,605	-	-	24,376	1,237,285
-	-	-	-	-	1,284,945
<u>\$ 39,975</u>	<u>\$ 432,490</u>	<u>\$ 2,723,279</u>	<u>\$ 2,735,166</u>	<u>\$ 5,542,133</u>	<u>\$ 24,752,984</u>
\$ -	\$ 103,929	\$ 2,435	\$ 4,800	\$ 65,452	\$ 860,138
10,785	-	-	-	12,266	912,991
30,577	-	-	-	6,453	37,030
-	-	-	-	-	259,599
-	-	-	-	-	18,247
<u>41,362</u>	<u>103,929</u>	<u>2,435</u>	<u>4,800</u>	<u>84,171</u>	<u>2,088,005</u>
-	244,321	-	-	13,379	266,140
-	244,321	-	-	13,379	266,140
-	-	-	-	-	1,284,945
-	84,240	2,720,844	2,730,366	5,451,036	15,074,689
-	-	-	-	-	2,951,643
-	-	-	-	-	132,488
(1,387)	-	-	-	(6,453)	2,955,074
<u>(1,387)</u>	<u>84,240</u>	<u>2,720,844</u>	<u>2,730,366</u>	<u>5,444,583</u>	<u>22,398,839</u>
<u>\$ 39,975</u>	<u>\$ 432,490</u>	<u>\$ 2,723,279</u>	<u>\$ 2,735,166</u>	<u>\$ 5,542,133</u>	<u>\$ 24,752,984</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, 2014

Fund balances - total governmental funds		\$ 22,398,839
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 \$973,560 of internal service fund net capital assets.		
Capital assets	\$ 105,893,933	
Accumulated depreciation	<u>(67,130,497)</u>	38,763,436
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds:		
Compensated absence - governmental activities	\$ (2,541,918)	
Compensated absences - internal service funds	<u>(18,903)</u>	(2,560,821)
Other postemployment benefits payable is not due and payable in the current period and therefore is not reported in the governmental funds.		
		(8,220,504)
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.		
		2,297,501
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		<u>266,140</u>
Net position of governmental activities		<u><u>\$ 52,944,591</u></u>

See independent auditors' report and notes to basic financial statements.

City of San Gabriel
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2014

	Special Revenue Funds		
	General	Retirement	Proposition C Local Return
REVENUES:			
Taxes	\$ 15,549,539	\$ 5,675,809	\$ -
Intergovernmental	3,946,876	-	566,626
Charges for services	2,536,764	-	-
Fines and forfeitures	857,420	-	-
Licenses and permits	1,898,675	-	-
Investment income	667,464	25,364	15,221
Other	251,244	-	-
Total revenues	25,707,982	5,701,173	581,847
EXPENDITURES:			
Current:			
General government	6,228,126	-	-
Public safety	16,784,317	-	-
Community development	4,430,683	-	-
Culture and recreation	2,703,963	-	-
Transportation	-	-	635,146
Capital outlay	669,035	-	-
Total expenditures	30,816,124	-	635,146
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,108,142)	5,701,173	(53,299)
OTHER FINANCING SOURCES (USES):			
Transfers in	4,446,410	-	-
Transfers out	-	(5,014,635)	-
Total other financing sources (uses)	4,446,410	(5,014,635)	-
NET CHANGE IN FUND BALANCES	(661,732)	686,538	(53,299)
FUND BALANCES (DEFICITS):			
Beginning of year	8,011,969	1,403,367	2,033,350
End of year	<u>\$ 7,350,237</u>	<u>\$ 2,089,905</u>	<u>\$ 1,980,051</u>

See independent auditors' report and notes to basic financial statements

Special Revenue Funds (Continued)

Community Development Block Grant	Other Grants	Waste Management	State Gas Tax	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,225,348
135,782	312,638	-	1,336,245	1,367,420	7,665,587
-	-	475,205	-	445,742	3,457,711
-	-	-	-	-	857,420
-	-	-	-	-	1,898,675
-	892	-	19,854	40,289	769,084
-	-	-	-	300	251,544
<u>135,782</u>	<u>313,530</u>	<u>475,205</u>	<u>1,356,099</u>	<u>1,853,751</u>	<u>36,125,369</u>
-	-	-	-	-	6,228,126
-	-	-	-	222,134	17,006,451
77,201	-	-	-	-	4,507,884
58,581	-	-	-	193,517	2,956,061
-	-	-	-	41,614	676,760
-	541,065	30,026	132,374	200,001	1,572,501
<u>135,782</u>	<u>541,065</u>	<u>30,026</u>	<u>132,374</u>	<u>657,266</u>	<u>32,947,783</u>
-	(227,535)	445,179	1,223,725	1,196,485	3,177,586
-	-	-	-	-	4,446,410
-	-	-	(600,000)	-	(5,614,635)
-	-	-	(600,000)	-	(1,168,225)
-	(227,535)	445,179	623,725	1,196,485	2,009,361
<u>(1,387)</u>	<u>311,775</u>	<u>2,275,665</u>	<u>2,106,641</u>	<u>4,248,098</u>	<u>20,389,478</u>
<u>\$ (1,387)</u>	<u>\$ 84,240</u>	<u>\$ 2,720,844</u>	<u>\$ 2,730,366</u>	<u>\$ 5,444,583</u>	<u>\$ 22,398,839</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, 2014

Net change in fund balances - total governmental funds \$ 2,009,361

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 depreciation exceed capital outlays and retirements in the current period. This does not include internal service fund activity of \$586,955 in additions and \$54,078 in depreciation expense.

Capital asset purchases	\$ 1,055,028	
Depreciation expense	(2,512,004)	
Loss on disposition of capital assets	<u>(19,222)</u>	(1,476,198)

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

Compensated absences expenses - governmental activities	\$ (141,652)	
Compensated absences expenses - internal service funds	<u>(1,757)</u>	(143,409)

To record as an adjustment to expense the net change in other post employment benefit liabilities in the statement of activities. (1,203,504)

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. 238,404

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. (12,452)

Change in net position of governmental activities \$ (587,798)

See independent auditors' report and notes to basic financial statements.

PROPRIETARY FUND

FINANCIAL STATEMENTS

City of San Gabriel
Statement of Net Position
Proprietary Funds
June 30, 2014

	<u>Governmental</u> <u>Activities</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
ASSETS:	
Current assets:	
Cash and investments	\$ 4,794,272
Total current assets	<u>4,794,272</u>
Noncurrent assets:	
Capital assets:	
Being depreciated (net of accumulated depreciation)	973,560
Total noncurrent assets	<u>973,560</u>
Total assets	<u>5,767,832</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	104,913
Accrued payroll	20,329
Compensated absences, due within one year	18,903
Claims payable, due within one year	1,003,527
Total current liabilities	<u>1,147,672</u>
Noncurrent liabilities:	
Claims payable, due in more than one year	2,341,562
Total noncurrent liabilities	<u>2,341,562</u>
Total liabilities	<u>3,489,234</u>
NET POSITION:	
Investment in capital assets	973,560
Unrestricted	1,305,038
Total net position	<u>\$ 2,278,598</u>

See independent auditors' report and 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, 2014

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES:	
Charges for services	\$ 5,697,945
Total operating revenue	<u>5,697,945</u>
OPERATING EXPENSES:	
Personnel services	231,925
Contractual services	15,387
Vehicle operating	449,736
Depreciation	54,078
Utilities	4,134
Uniforms	1,489
Operating expenses	2,116
Insurance premiums	4,804,841
Claims and judgments	1,088,304
Capital outlay	3,464
Total operating expenses	<u>6,655,474</u>
OPERATING LOSS	<u>(957,529)</u>
NONOPERATING REVENUES:	
Investment income	25,951
Total nonoperating revenues	<u>25,951</u>
LOSS BEFORE TRANSFERS	<u>(931,578)</u>
TRANSFERS:	
Transfers in	1,203,225
Transfers out	(35,000)
Total transfers	<u>1,168,225</u>
CHANGE IN NET POSITION	236,647
NET POSITION:	
Beginning of the year	<u>2,041,951</u>
End of the year	<u>\$ 2,278,598</u>

See independent auditors' report and notes to basic financial statements.

City of San Gabriel
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2014

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from user departments	\$ 5,697,945
Cash payments to suppliers for goods and services	(5,463,319)
Cash payments to employees for services	<u>(233,083)</u>
Net cash provided by operating activities	<u>1,543</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash received from other funds	1,203,225
Cash provided to other funds	<u>(35,000)</u>
Net cash provided by noncapital financing activities	<u>1,168,225</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments to acquire capital assets	<u>(586,955)</u>
Net cash used for capital and related financing activities	<u>(586,955)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received from investments	<u>25,951</u>
Net cash provided by investing activities	<u>25,951</u>
Net increase in cash and cash equivalents	608,764
CASH AND CASH EQUIVALENTS:	
Beginning of the year	<u>4,185,508</u>
End of the year	<u>\$ 4,794,272</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (957,529)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	54,078
Changes in assets and liabilities:	
(Increase) decrease in prepaid costs	183,586
Increase (decrease) in accounts payable	48,326
Increase (decrease) in accrued payroll	13,131
Increase (decrease) in compensated absences payable	(1,757)
Increase (decrease) in claims payable	<u>661,708</u>
Net cash provided by operating activities	<u>\$ 1,543</u>

See independent auditors' report and notes to basic financial statements.

FIDUCIARY FUND

FINANCIAL STATEMENTS

City of San Gabriel
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Successor Agency to the San Gabriel Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
	<u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS:		
Cash and investments	\$ 678,436	\$ 1,111,547
Total assets	<u>678,436</u>	<u>\$ 1,111,547</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	95,981	\$ 8,364
Deposits payable	-	1,103,183
Total current liabilities	<u>95,981</u>	<u>1,111,547</u>
LONG-TERM LIABILITIES:		
Advance to the City of San Gabriel	1,284,945	-
Total long term liabilities	<u>1,284,945</u>	<u>-</u>
Total liabilities	<u>1,380,926</u>	<u>\$ 1,111,547</u>
NET POSITION:		
Restricted for private purpose	<u>(702,490)</u>	
Total net position	<u>\$ (702,490)</u>	

See independent auditors' report and notes to basic financial statements.

City of San Gabriel
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2014

	Successor Agency to the San Gabriel Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Taxes	\$ 170,490
Total additions	<u>170,490</u>
DEDUCTIONS:	
Community development	<u>180,580</u>
Total deductions	<u>180,580</u>
Change in net position	(10,090)
NET POSITION:	
Beginning of Year	<u>(692,400)</u>
End of Year	<u><u>\$ (702,490)</u></u>

See independent auditors' report and notes to basic financial statements.

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**NOTES TO BASIC
FINANCIAL STATEMENTS**

City of San Gabriel
Notes to Basic Financial Statements
June 30, 2014

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, and liabilities 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, and liabilities 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.

See independent auditors' report.

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.

See independent auditors' report.

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. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources” since they do not represent net current assets. Recognition of governmental fund type revenues represented by non-current receivables are offset by deferred inflows of resources until they become current receivables. Non-current portions of long-term receivables are offset by nonspendable fund balance.

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, 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.

See independent auditors’ report.

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 and all liabilities (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, 2014

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.

The Waste Management Special Revenue Fund is used to account for the collection of a waste surcharge from consumers to finance waste management programs.

The State Gas Tax Special Revenue Fund is used to account for the City's share of state and county gasoline tax allocation. These funds are expended on street maintenance and construction.

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.

See independent auditors' report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Fund Types (Continued):

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.

D. New Accounting Pronouncements:

Current Year Standards:

GASB 66 - *“Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62”*, required to be implemented in the current fiscal year did not impact the City.

GASB 70 - *“Accounting and Financial Reporting for Nonexchange Financial Guarantees”*, required to be implemented in the current fiscal year 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 68 - *“Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27”*, effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - *“Government Combinations and Disposals of Government Operations”*, effective for periods beginning after December 15, 2013.
- GASB 71 - *“Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68”*, effective for periods beginning after June 15, 2014.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

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 unavailable revenues or a nonspendable fund balance for noncurrent assets, as applicable in governmental funds to indicate that they do not constitute resources available for appropriation.

I. Property Held for Resale:

The property held for resale was acquired by the City as a result of a court settlement by condemnation for redevelopment purposes. The settlement cost was \$1,500,000. This property was transferred to the City of San Gabriel Successor Agency pursuant to Assembly Bill xl 26. During the fiscal year ended June 30, 2014, the property was sold to a developer.

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. 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

K. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and the governmental funds balance sheets 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 does not have any applicable deferred outflows of resources.

In addition to liabilities, the statement of net position and the governmental funds balance sheets 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 only one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenues*, is reported only in the governmental funds balance sheets. 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.

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. 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.

M. 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 st installment March 1 - 2 nd installment
Collection Dates:	December 10 - 1 st installment April 10 - 2 nd installment

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

N. 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. The City has no debt related to capital 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.

O. 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.

See independent auditors’ report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

O. 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.

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.

Q. Reclassifications:

Certain prior year amounts have been reclassified to reflect the current year presentation and have no effect on the changes in fund balance or net position for the year ended June 30, 2014.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

2. CASH AND INVESTMENTS:

Cash and Investments

Cash and investments as of June 30, 2014 were classified in the accompanying financial statements as follows:

	Government Wide Statement of <u>Net Position</u>	Fiduciary Funds Statement of <u>Net Position</u>	<u>Total</u>
Cash and investments	\$ <u>25,747,607</u>	\$ <u>1,789,983</u>	\$ <u>27,537,590</u>

Cash and investments at June 30, 2014 consisted of the following:

Cash on hand	\$ 5,750
Deposits with financial institutions	11,887,803
Investments	<u>15,644,037</u>
Total cash and investments	<u>\$ 27,537,590</u>

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 <u>Authorized by State Law</u>	Authorized by Investment <u>Policy</u>	Maximum <u>Maturity*</u>	Maximum Percentage <u>of Portfolio*</u>	Maximum Investment <u>in One Issuer*</u>
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
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20% of basic value	None

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

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*
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	\$ 202,565
Local Agency Investment Fund (LAIF)	<u>15,441,472</u>
Total	<u>\$ 15,644,037</u>

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

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 Standard and Poor's, as of year end for each investment type.

Investment Type	Total as of June 30, 2014	Minimum Legal Rating	AAA	AA+	Not Rated
Mutual Funds	\$ 202,565	A	\$ 202,565	\$ -	\$ -
Local Agency Investment Fund	<u>15,441,472</u>	N/A	<u>-</u>	<u>-</u>	<u>15,441,472</u>
Total	<u>\$15,644,037</u>		<u>\$ 202,565</u>	<u>\$ -</u>	<u>\$15,441,472</u>

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, 2014, none of the City's deposits or investments was exposed to custodial credit risk.

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

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, 2014 is as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Community Development Block Grant Special Revenue Fund	General Fund	\$ 30,577
Other Governmental Funds	General Fund	<u>6,453</u>
		<u>\$ 37,030</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, 2014 is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Retirement Special Revenue Fund (a) State Gas Tax	\$ 3,811,410
	Special Revenue Fund (b)	600,000
	Internal Service Funds (c)	35,000
Internal Service Funds	Retirement Special Revenue Fund (a)	<u>1,203,225</u>
		<u>\$ 5,649,635</u>

Transfers are used to provide funding for (a) retirement costs, (b) gas tax qualified expenditures, and (c) related to the fire engine acquisition.

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

4. CAPITAL ASSETS:

Capital asset activity for governmental activities for the year ended June 30, 2014 was as follows:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 5,693,699	\$ -	\$ -	\$ 5,693,699
Construction in progress	<u>3,200,570</u>	<u>842,088</u>	<u>-</u>	<u>4,042,658</u>
Total capital assets, not being depreciated	<u>8,894,269</u>	<u>842,088</u>	<u>-</u>	<u>9,736,357</u>
Capital assets, being depreciated:				
Buildings and improvements	12,298,202	-	-	12,298,202
Machinery and equipment	9,490,860	799,895	(150,829)	10,139,926
Infrastructure	<u>74,881,648</u>	<u>-</u>	<u>-</u>	<u>74,881,648</u>
Total capital assets, being depreciated	<u>96,670,710</u>	<u>799,895</u>	<u>(150,829)</u>	<u>97,319,776</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,269,256)	(373,811)	-	(4,643,067)
Machinery and equipment	(6,720,308)	(578,231)	131,607	(7,166,932)
Infrastructure	<u>(53,895,098)</u>	<u>(1,614,040)</u>	<u>-</u>	<u>(55,509,138)</u>
Total accumulated depreciation	<u>(64,884,662)</u>	<u>(2,566,082)</u>	<u>131,607</u>	<u>(67,319,137)</u>
Total capital assets, being depreciated, net	<u>31,786,048</u>	<u>(1,766,187)</u>	<u>(19,222)</u>	<u>30,000,639</u>
Total capital assets, net	<u>\$ 40,680,317</u>	<u>\$ (924,099)</u>	<u>\$ (19,222)</u>	<u>\$ 39,736,996</u>

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

General government	\$ 97,484
Public safety	446,181
Transportation	891,834
Community development	837,241
Culture and recreation	<u>293,342</u>
Total	<u>\$ 2,566,082</u>

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

5. LONG-TERM LIABILITIES:

Changes in long-term liabilities during the year ended June 30, 2014 were as follows:

	Balance at			Balance at			Due	Due in
	July 1, 2013	Additions	Deletions	June 30, 2014	Within	One Year	More Than	One Year
Compensated absences	\$ 2,420,926	\$ 344,436	\$ (204,541)	\$ 2,560,821	\$ 810,408		\$ 1,750,413	
Net OPEB obligation (Note 9)	7,017,000	2,424,393	(1,220,889)	8,220,504	-		8,220,504	
Claims payable (Note 10)	<u>2,683,381</u>	<u>2,712,357</u>	<u>(2,050,649)</u>	<u>3,345,089</u>	<u>1,003,527</u>		<u>2,341,562</u>	
Total long-term liabilities	<u>\$ 12,121,307</u>	<u>\$ 5,481,186</u>	<u>\$ (3,476,079)</u>	<u>\$ 14,126,414</u>	<u>\$ 1,813,935</u>		<u>\$ 12,312,479</u>	

Compensated Absences

The City's policies relating to compensated absences are described in Note 1L. This liability, amounting to \$2,560,821 at June 30, 2014, is expected to be paid in future years from future resources and is typically liquidated from the General Fund.

Net OPEB Obligation

The net OPEB obligation, amounting to \$8,220,504 at June 30, 2014, is expected to be paid in future years from future resources and is typically liquidated from the General Fund.

6. EXPENDITURES IN EXCESS OF APPROPRIATIONS:

Expenditures for the year ended June 30, 2014 exceeded the appropriations of the following departments/funds:

	Final	Actual	Variance with
	Budget		Final Budget
Major Funds:			
General Fund:			
City attorney	\$ 176,840	\$ 198,958	\$ (22,118)
Information technology	129,951	184,528	(54,577)
Human resources	628,236	679,935	(51,699)
General services	2,945,725	2,993,701	(47,976)
Neighborhood improvement	183,376	185,590	(2,214)
Mission playhouse	900,757	901,581	(824)
Facilities maintenance	148,875	182,222	(33,347)
State Gas Tax			
Special Revenue Fund:			
Capital outlay	-	132,374	(132,374)

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

6. EXPENDITURES IN EXCESS OF APPROPRIATIONS (CONTINUED):

Expenditures for the year ended June 30, 2014 exceeded the appropriations of the following departments/funds (continued):

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other Governmental Funds:			
Citizens Option for Public Safety			
Special Revenue Fund:			
Public safety	\$ 131,139	\$ 154,105	\$ (22,966)
Office of Traffic Safety Grant			
Special Revenue Fund:			
Public safety	37,449	68,029	(30,580)

7. FUND DEFICITS:

At June 30, 2014, the following funds had deficit balances:

Major Fund - Special Revenue Fund:		
Community Development Block Grant		\$ (1,387)
Other Governmental Special Revenue Fund:		
Office of Traffic Safety Grant		(6,453)

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

8. DEFINED BENEFIT PENSION PLAN (CalPERS):

Plan Description

The City participates in the Miscellaneous Tiers 1 - 3 (2.7% at 55, 2.0% at 60, and 2.0% at 62, respectively) and Safety Tiers 1 - 3 (3.0% at 50, 2.0% at 50, and 2.7% at 57, respectively) Risk Pools of the California Public Employees Retirement System (CalPERS). As part of a cost-sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by CalPERS. Copies of CalPERS' annual financial report may be obtained by writing to 400 "P" Street, Sacramento, California 95814.

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

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

Contributions

Miscellaneous and safety participants are required to contribute 8% and 9%, respectively, of their annual covered salary. The City made the contributions required of the City employees on their behalf and for their account until July 13, 2013. As of July 13, 2013, the required contributions were paid by the employees. Benefit provisions and all other requirements are established by state statute and city contract with employee bargaining groups.

Upon the implementation of the California Employees' Pension Reform Act (PEPRA) on January 1, 2013, the CalPERS Miscellaneous Tier 3 (2.0% at 62) and Safety Tier 3 (2.7% at 57) Plans were created and are open to all new employees who do not qualify for the Tier 1 and 2 Risk Pool Retirement Plans. Active plan members of the Plan are required to contribute 6.7% (miscellaneous) and 12.25% (safety) of their annual covered salary, which is paid by the employees and is equal to the required employer contribution rates.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by CalPERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2013 to June 30, 2014 has been determined by an actuarial valuation of the plan as of June 30, 2011. The City's covered payroll for CalPERS was \$12,904,016 for the year ended June 30, 2014, while the City's total payroll for all employees was \$16,867,235 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2014, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2013 to June 30, 2014.

Three-Year Trend Information

Fiscal Year	Annual Pension Cost (Safety)		Percentage Contributed
	Employer Contribution Rate	Employer Contribution	
6/30/2012	34.695 %	\$ 3,842,417	100.00 %
6/30/2013	35.394 %	3,011,439	100.00 %
6/30/2014	37.310 %	2,813,151	100.00 %

Fiscal Year	Annual Pension Cost (Miscellaneous)		Percentage Contributed
	Employer Contribution Rate	Employer Contribution	
6/30/2012	20.722 %	\$ 1,828,686	100.00 %
6/30/2013	21.392 %	1,337,191	100.00 %
6/30/2014	21.875 %	1,082,259	100.00 %

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

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, 2014. The schedule is displayed as follows:

Years of CalPERS Service	1 Party	2 Party	3+ Party	% of Employer Contribution
Less than 10	\$ -	\$ -	\$ -	0%
10	321.00	609.00	779.50	50%
11	353.10	669.90	857.45	55%
12	385.20	730.80	935.40	60%
13	417.30	791.70	1,013.35	65%
14	449.40	852.60	1,091.30	70%
15	481.50	913.50	1,169.25	75%
16	513.60	974.40	1,247.20	80%
17	545.70	1,035.30	1,325.15	85%
18	577.80	1,096.20	1,403.10	90%
19	609.90	1,157.10	1,481.05	95%
20 or more	642.00	1,218.00	1,559.00	100%

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 \$477,900 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 \$742,989 for the year ended June 30, 2014. The OPEB trust used by the City is administered by CalPERS.

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

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

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	\$ 2,400,123
Interest on net OPEB obligation	438,563
Adjustment to annual required contribution	<u>(414,293)</u>
Annual OPEB cost (expense)	2,424,393
Contributions made (including premiums paid)	<u>(1,220,889)</u>
Increase in net OPEB obligation	1,203,504
Net OPEB obligation - beginning of year	<u>7,017,000</u>
Net OPEB obligation - end of year	<u><u>\$ 8,220,504</u></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
6/30/2012	\$ 2,238,833	38.904%	\$ 5,611,817
6/30/2013	2,440,183	42.415%	7,017,000
6/30/2014	2,424,393	50.359%	8,220,504

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%.

See independent auditors' report.

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

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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 below, 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.		
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%

See independent auditors' report.

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

Actuarial Methods and Assumptions (Continued)

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.

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 119 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. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period 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.

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 non-police 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 in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims for \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annually aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

See independent auditors' report.

10. RISK MANAGEMENT (CONTINUED):

Self-Insurance Programs of the Authority (Continued)

Liability (Continued)

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

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 non public-safety 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 of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Worker's 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 (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of 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, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

10. RISK MANAGEMENT (CONTINUED):

Purchased Insurance (Continued)

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 \$24,111,950. 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 2013-14.

Reconciliation of Changes in Aggregate Liabilities

Reconciliation of the changes in the City's aggregate liabilities for the years ended June 30, 2014 and 2013 is as follows:

	Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Liability End of Year
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>
2013:				
Liability claims	\$ 61,305	\$ 407,359	\$ -	\$ 468,664
Workers' compensation	<u>1,081,199</u>	<u>1,133,518</u>	<u>-</u>	<u>2,214,717</u>
	<u>\$ 1,142,504</u>	<u>\$ 1,540,877</u>	<u>\$ -</u>	<u>\$ 2,683,381</u>

As of June 30, 2014, the total claims liability of \$3,345,089 includes \$1,281,535 of claims from when the City was self-insured and was not a part of the California Joint Powers Insurance Authority.

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

11. CONSTRUCTION COMMITMENTS:

The following material construction commitments existed at June 30, 2014:

Project Name:	Expenditures as of <u>June 30, 2014</u>	Remaining <u>Commitments</u>
Public Works Yard	\$ 196,583	\$ 9,249,882
Marshall Community Park	110,671	4,420,666
Las Tunas Rehabilitation SG - Muscatel	42,135	3,067,865
Mission Road 20A Underground Phase I	-	2,002,675
San Gabriel & Mission Intersection Improvement	50,974	1,352,513
Mission Road 20A Underground Phase II	1,000	1,300,820
Broadway/Walnut Grove Intersection Improvement	20,465	1,029,129
Great Streets Program	400	863,475
Police Facility	210,175	838,988
City Wide Bus Shelters and Pads	46,059	642,074
Fairview Rehab and Median	105,504	623,268
Zoning Ordinance/General Plan Update	16,120	601,215
Del Mar Avenue/Alhambra Wash Bridge Replacement	-	568,383
ACE Trench Haul Route Restoration	-	464,612
ACE San Gabriel Boulevard Bridge	-	419,243
Storm Water Master Plan	-	400,000
Roosevelt Elementary Safe Route to School	60	341,941
Del Mar Bridge & Street Widening	-	276,387
San Gabriel/Walnut Grove Intersection Improvement	11,265	276,243
Citywide Bridge Repair	-	274,093
City Hall Refurbishment & Remodeling	6,192	195,600
NPDES/SUSMP Program	228	175,820
Stormwater Management Program	35,130	134,870
San Gabriel Boulevard Signal Improvement	-	130,000
Storm Drain Catch Basin Inserts	-	124,750
Del Mar Rehab 4 & 5 Wells - Mission	-	113,540
Electronic Marquee	-	109,448
ACE San Gabriel Trench Project	74,140	100,452

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

12. CLASSIFICATION OF FUND BALANCES:

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned and unassigned (see Note 1O for a description of these categories). A detailed schedule of fund balances at June 30, 2014, is as follows:

	Special Revenue Funds								Total
	Community							Other Gov't Funds	
	Prop C	Development			State	Waste	Tax		
	Local	Block	Other	Gas					
General	Retirement	Return	Grant	Grants	Management				
Nonspendable:									
Advance to Successor									
Agency	\$ 1,284,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,284,945
Total Nonspendable	1,284,945	-	-	-	-	-	-	-	1,284,945
Restricted for:									
Culture and recreation	18,247	-	-	-	-	-	-	633,510	651,757
Public safety	-	-	-	-	-	-	-	984,319	984,319
Retirement benefits	-	2,089,905	-	-	-	-	-	-	2,089,905
Sewer service	-	-	-	-	-	-	-	399,600	399,600
Street improvements	-	-	-	-	-	-	2,730,366	242,116	2,972,482
Transit service	-	-	1,980,051	-	-	-	-	3,191,491	5,171,542
Waste management									
programs	-	-	-	-	-	2,720,844	-	-	2,720,844
Other	-	-	-	-	84,240	-	-	-	84,240
Total Restricted	18,247	2,089,905	1,980,051	-	84,240	2,720,844	2,730,366	5,451,036	15,074,689
Committed to:									
Police facility	817,468	-	-	-	-	-	-	-	817,468
Encumbrances	1,607,160	-	-	-	-	-	-	-	1,607,160
Street improvements	527,015	-	-	-	-	-	-	-	527,015
Total Committed	2,951,643	-	-	-	-	-	-	-	2,951,643
Assigned	132,488	-	-	-	-	-	-	-	132,488
Unassigned	2,962,914	-	-	(1,387)	-	-	-	(6,453)	2,955,074
Total Fund Balances	\$ 7,350,237	\$ 2,089,905	\$ 1,980,051	\$ (1,387)	\$ 84,240	\$ 2,720,844	\$ 2,730,366	\$ 5,444,583	\$ 22,398,839

See independent auditors' report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

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.

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.

See independent auditors’ report.

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

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.

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 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.

See independent auditors’ report.

City of San Gabriel
Notes to Basic Financial Statements, Continued
June 30, 2014

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

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 in fiscal year 2014-2015. Loan repayments could begin in the 2014-2015 fiscal year as governed by the criteria in the health and safety code section.

The DOF will consider the enforceability of the loan agreement once the repayment request is placed on ROPS 14-15B. When the repayments begin in fiscal year 2014-2015, 20% of the repayments of the loan must be remitted to the Los Angeles County Housing Authority. At June 30, 2014, 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.

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. SUBSEQUENT EVENTS:

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 15, 2014, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

City of San Gabriel
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 15,251,000	\$ 15,637,868	\$ 15,549,539	\$ (88,329)
Intergovernmental	3,985,000	4,105,374	3,946,876	(158,498)
Charges for services	3,592,203	3,522,535	2,536,764	(985,771)
Fines and forfeitures	1,177,000	1,060,000	857,420	(202,580)
Licenses and permits	2,059,860	2,006,750	1,898,675	(108,075)
Investment income	897,091	724,970	667,464	(57,506)
Other	7,952,838	8,047,970	251,244	(7,796,726)
Total revenues	34,914,992	35,105,467	25,707,982	(9,397,485)
EXPENDITURES:				
General government:				
City Council	245,231	270,231	240,519	29,712
City Clerk	272,858	279,964	274,476	5,488
City Treasurer	148,222	148,222	102,336	45,886
City Manager	488,493	494,115	434,467	59,648
City Attorney	176,840	176,840	198,958	(22,118)
Finance	950,642	955,823	912,646	43,177
Information technology	129,951	129,951	184,528	(54,577)
Human resources	588,736	628,236	679,935	(51,699)
Purchasing	198,250	198,250	145,548	52,702
General services	2,914,412	2,945,725	2,993,701	(47,976)
Public information	74,936	74,936	60,088	14,848
Disaster preparedness	6,000	6,000	924	5,076
Total general government	6,194,571	6,308,293	6,228,126	80,167
Public safety:				
Police	10,888,109	10,756,970	10,385,335	371,635
Fire	6,669,640	6,704,680	6,398,982	305,698
Total public safety	17,557,749	17,461,650	16,784,317	677,333
Community development:				
Development services	2,648,004	2,698,459	2,066,112	632,347
Street services	1,582,526	1,582,526	1,338,018	244,508
Maintenance services	633,674	633,674	605,698	27,976
Neighborhood improvement	265,965	183,376	185,590	(2,214)
Economic development	263,437	309,132	235,265	73,867
Total community development	5,393,606	5,407,167	4,430,683	976,484

(Continued)

See independent auditors' report and note to required supplementary information.

City of San Gabriel
Budgetary Comparison Schedule, Continued
General Fund
For the year ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES, CONTINUED:				
Culture and recreation:				
Mission playhouse	\$ 900,757	\$ 900,757	\$ 901,581	\$ (824)
Park maintenance	823,198	823,198	820,764	2,434
Swimming pool	220,423	220,423	203,266	17,157
Facilities maintenance	148,875	148,875	182,222	(33,347)
Recreation	628,611	645,461	596,130	49,331
Total culture and recreation	<u>2,721,864</u>	<u>2,738,714</u>	<u>2,703,963</u>	<u>34,751</u>
Capital outlay	<u>8,971,685</u>	<u>12,557,378</u>	<u>669,035</u>	<u>11,888,343</u>
Total expenditures	<u>40,839,475</u>	<u>44,473,202</u>	<u>30,816,124</u>	<u>13,657,078</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,924,483)</u>	<u>(9,367,735)</u>	<u>(5,108,142)</u>	<u>4,259,593</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>4,763,443</u>	<u>4,763,443</u>	<u>4,446,410</u>	<u>(317,033)</u>
Total other financing sources	<u>4,763,443</u>	<u>4,763,443</u>	<u>4,446,410</u>	<u>(317,033)</u>
NET CHANGE IN FUND BALANCE	(1,161,040)	(4,604,292)	(661,732)	3,942,560
FUND BALANCE:				
Beginning of year	<u>8,011,969</u>	<u>8,011,969</u>	<u>8,011,969</u>	<u>-</u>
End of year	<u>\$ 6,850,929</u>	<u>\$ 3,407,677</u>	<u>\$ 7,350,237</u>	<u>\$ 3,942,560</u>

See independent auditors' report and note to required supplementary information.

City of San Gabriel
Budgetary Comparison Schedule
Retirement Special Revenue Fund
For the year ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 5,800,000	\$ 5,600,000	\$ 5,675,809	\$ 75,809
Investment income	30,000	30,000	25,364	(4,636)
Total revenues	<u>5,830,000</u>	<u>5,630,000</u>	<u>5,701,173</u>	<u>71,173</u>
OTHER FINANCING USES:				
Transfers out	<u>(5,335,443)</u>	<u>(5,335,443)</u>	<u>(5,014,635)</u>	<u>320,808</u>
Total other financing uses	<u>(5,335,443)</u>	<u>(5,335,443)</u>	<u>(5,014,635)</u>	<u>320,808</u>
NET CHANGE IN FUND BALANCE	494,557	294,557	686,538	391,981
FUND BALANCE:				
Beginning of year	<u>1,403,367</u>	<u>1,403,367</u>	<u>1,403,367</u>	<u>-</u>
End of year	<u>\$ 1,897,924</u>	<u>\$ 1,697,924</u>	<u>\$ 2,089,905</u>	<u>\$ 391,981</u>

See independent auditors' report and 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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 580,000	\$ 580,000	\$ 566,626	\$ (13,374)
Investment income	50,000	30,000	15,221	(14,779)
Total revenues	<u>630,000</u>	<u>610,000</u>	<u>581,847</u>	<u>(28,153)</u>
EXPENDITURES:				
Current:				
Transportation	694,670	694,670	635,146	59,524
Capital outlay	380,055	1,761,825	-	1,761,825
Total expenditures	<u>1,074,725</u>	<u>2,456,495</u>	<u>635,146</u>	<u>1,821,349</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(444,725)	(1,846,495)	(53,299)	1,793,196
FUND BALANCE:				
Beginning of year	<u>2,033,350</u>	<u>2,033,350</u>	<u>2,033,350</u>	<u>-</u>
End of year	<u>\$ 1,588,625</u>	<u>\$ 186,855</u>	<u>\$ 1,980,051</u>	<u>\$ 1,793,196</u>

See independent auditors' report and 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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 339,802	\$ 1,139,768	\$ 135,782	\$ (1,003,986)
Total revenues	<u>339,802</u>	<u>1,139,768</u>	<u>135,782</u>	<u>(1,003,986)</u>
EXPENDITURES:				
Current:				
Community development	82,589	82,589	77,201	5,388
Culture and recreation	58,569	58,569	58,581	(12)
Capital outlay	193,595	510,974	-	510,974
Total expenditures	<u>334,753</u>	<u>652,132</u>	<u>135,782</u>	<u>516,350</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,049	487,636	-	(487,636)
FUND BALANCE (DEFICIT):				
Beginning of year	<u>(1,387)</u>	<u>(1,387)</u>	<u>(1,387)</u>	<u>-</u>
End of year	<u>\$ 3,662</u>	<u>\$ 486,249</u>	<u>\$ (1,387)</u>	<u>\$ (487,636)</u>

See independent auditors' report and note to required supplementary information.

City of San Gabriel
Budgetary Comparison Schedule
Other Grants Special Revenue Fund
For the year ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,227,000	\$ 11,299,117	\$ 312,638	\$ (10,986,479)
Investment income	-	-	892	892
Total revenues	<u>1,227,000</u>	<u>11,299,117</u>	<u>313,530</u>	<u>(10,985,587)</u>
EXPENDITURES:				
Capital outlay	<u>61,520</u>	<u>11,691,562</u>	<u>541,065</u>	<u>11,150,497</u>
Total expenditures	<u>61,520</u>	<u>11,691,562</u>	<u>541,065</u>	<u>11,150,497</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,165,480	(392,445)	(227,535)	164,910
FUND BALANCE (DEFICIT):				
Beginning of year	<u>311,775</u>	<u>311,775</u>	<u>311,775</u>	<u>-</u>
End of year	<u>\$ 1,477,255</u>	<u>\$ (80,670)</u>	<u>\$ 84,240</u>	<u>\$ 164,910</u>

See independent auditors' report and note to required supplementary information.

City of San Gabriel
Budgetary Comparison Schedule
Waste Management Special Revenue Fund
For the year ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$ 500,000	\$ 470,000	\$ 475,205	\$ 5,205
Total revenues	<u>500,000</u>	<u>470,000</u>	<u>475,205</u>	<u>5,205</u>
EXPENDITURES:				
Capital outlay	<u>779,938</u>	<u>2,606,006</u>	<u>30,026</u>	<u>2,575,980</u>
Total expenditures	<u>779,938</u>	<u>2,606,006</u>	<u>30,026</u>	<u>2,575,980</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(279,938)	(2,136,006)	445,179	2,581,185
FUND BALANCE:				
Beginning of year	<u>2,275,665</u>	<u>2,275,665</u>	<u>2,275,665</u>	<u>-</u>
End of year	<u>\$ 1,995,727</u>	<u>\$ 139,659</u>	<u>\$ 2,720,844</u>	<u>\$ 2,581,185</u>

See independent auditors' report and note to required supplementary information.

City of San Gabriel
Budgetary Comparison Schedule
State Gas Tax Special Revenue Fund
For the year ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,244,000	\$ 1,226,000	\$ 1,336,245	\$ 110,245
Investment income	35,000	15,000	19,854	4,854
Total revenues	<u>1,279,000</u>	<u>1,241,000</u>	<u>1,356,099</u>	<u>115,099</u>
EXPENDITURES:				
Capital outlay	727,182	-	132,374	(132,374)
Total expenditures	<u>727,182</u>	<u>-</u>	<u>132,374</u>	<u>(132,374)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>551,818</u>	<u>1,241,000</u>	<u>1,223,725</u>	<u>(17,275)</u>
OTHER FINANCING USES:				
Transfers out	(600,000)	(2,741,928)	(600,000)	2,141,928
Total other financing uses	<u>(600,000)</u>	<u>(2,741,928)</u>	<u>(600,000)</u>	<u>2,141,928</u>
NET CHANGE IN FUND BALANCE	(48,182)	(1,500,928)	623,725	2,124,653
FUND BALANCE:				
Beginning of year	2,106,641	2,106,641	2,106,641	-
End of year	<u>\$ 2,058,459</u>	<u>\$ 605,713</u>	<u>\$ 2,730,366</u>	<u>\$ 2,124,653</u>

See independent auditors' report and note to required supplementary information.

City of San Gabriel
Schedule of Funding Progress
For the Year Ended June 30, 2014

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%

See independent auditors' report.

City of San Gabriel
Note to Required Supplementary Information
June 30, 2014

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) with the exception of the Street Light Special Revenue Fund that does not have a legally adopted budget.
- 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 reservations of fund balance.

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SUPPLEMENTARY INFORMATION

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OTHER GOVERNMENTAL FUNDS

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

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.

City of San Gabriel
Combining Balance Sheet
Other Governmental Funds
June 30, 2014

	Special Revenue Funds	
	Proposition A Local Return	Citizens Option for Public Safety
ASSETS		
Cash and investments	\$ 821,104	\$ 100,073
Due from other governments	-	-
Total assets	\$ 821,104	\$ 100,073
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 1,429	\$ -
Accrued liabilities	863	7,195
Due to other funds	-	-
Total liabilities	2,292	7,195
Deferred Inflows of Resources:		
Unavailable revenues	-	-
Total deferred inflows of resources	-	-
Fund Balances (Deficit):		
Restricted	818,812	92,878
Unassigned	-	-
Total fund balances (deficit)	818,812	92,878
Total liabilities, deferred inflows of resources and fund balances	\$ 821,104	\$ 100,073

See independent auditors' report.

Special Revenue Funds (Continued)

Parks and Recreation Activity	Mission Playhouse/ Facility	Air Quality Management District	Narcotic Seizure	Development Impact Fees	Street Light
\$ 107,446	\$ 173,104	\$ 46,329	\$ 463,175	\$ 1,837,962	\$ 242,116
-	-	-	10,997	-	-
<u>\$ 107,446</u>	<u>\$ 173,104</u>	<u>\$ 46,329</u>	<u>\$ 474,172</u>	<u>\$ 1,837,962</u>	<u>\$ 242,116</u>
\$ 8,888	\$ -	\$ -	\$ 30,610	\$ 7,992	\$ -
4,208	-	-	-	-	-
-	-	-	-	-	-
<u>13,096</u>	<u>-</u>	<u>-</u>	<u>30,610</u>	<u>7,992</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
94,350	173,104	46,329	443,562	1,829,970	242,116
-	-	-	-	-	-
<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>\$ 107,446</u>	<u>\$ 173,104</u>	<u>\$ 46,329</u>	<u>\$ 474,172</u>	<u>\$ 1,837,962</u>	<u>\$ 242,116</u>

(Continued)

City of San Gabriel
Combining Balance Sheet, Continued
Other Governmental Funds
June 30, 2014

	<u>Special Revenue Funds (Continued)</u>	
	Office of Traffic Safety Grant	Measure R
ASSETS		
Cash and investments	\$ -	\$ 1,726,448
Due from other governments	13,379	-
Total assets	<u>\$ 13,379</u>	<u>\$ 1,726,448</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 16,533
Accrued liabilities	-	-
Due to other funds	6,453	-
Total liabilities	<u>6,453</u>	<u>16,533</u>
Deferred Inflows of Resources:		
Unavailable revenues	13,379	-
Total deferred inflows of resources	<u>13,379</u>	<u>-</u>
Fund Balances (Deficit):		
Restricted	-	1,709,915
Unassigned	(6,453)	-
Total fund balances (deficit)	<u>(6,453)</u>	<u>1,709,915</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,379</u>	<u>\$ 1,726,448</u>

See independent auditors' report.

Total
Other
Governmental
Funds

\$ 5,517,757
24,376

\$ 5,542,133

\$ 65,452
12,266
6,453

84,171

13,379

13,379

5,451,036
(6,453)

5,444,583

\$ 5,542,133

City of San Gabriel
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the year ended June 30, 2014

	Special Revenue Funds	
	Proposition A Local Return	Citizens Option for Public Safety
REVENUES:		
Intergovernmental	\$ 681,468	\$ 100,000
Charges for services	-	-
Investment income	10,549	843
Other	-	-
Total revenues	<u>692,017</u>	<u>100,843</u>
EXPENDITURES:		
Current:		
Public safety	-	154,105
Culture and recreation	-	-
Transportation	41,614	-
Capital outlay	9,212	-
Total expenditures	<u>50,826</u>	<u>154,105</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	641,191	(53,262)
FUND BALANCES (DEFICITS):		
Beginning of year	<u>177,621</u>	<u>146,140</u>
End of year	<u><u>\$ 818,812</u></u>	<u><u>\$ 92,878</u></u>

See independent auditors' report.

Special Revenue Funds (Continued)

Parks and Recreation Activity	Mission Playhouse/ Facility	Air Quality Management District	Narcotic Seizure	Development Impact Fees	Street Light
\$ -	\$ -	\$ 36,759	\$ 31,171	\$ -	\$ 30,735
184,472	49,649	-	-	211,621	-
-	-	204	3,525	13,885	-
-	300	-	-	-	-
<u>184,472</u>	<u>49,949</u>	<u>36,963</u>	<u>34,696</u>	<u>225,506</u>	<u>30,735</u>
-	-	-	-	-	-
193,517	-	-	-	-	-
-	-	-	-	-	-
-	18,443	-	43,539	35,698	-
<u>193,517</u>	<u>18,443</u>	<u>-</u>	<u>43,539</u>	<u>35,698</u>	<u>-</u>
(9,045)	31,506	36,963	(8,843)	189,808	30,735
<u>103,395</u>	<u>141,598</u>	<u>9,366</u>	<u>452,405</u>	<u>1,640,162</u>	<u>211,381</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>

(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, 2014

	<u>Special Revenue Funds (Continued)</u>	
	Office of Traffic Safety Grant	Measure R
REVENUES:		
Intergovernmental	\$ 65,437	\$ 421,850
Charges for services	-	-
Investment income	-	11,283
Other	-	-
	<u>65,437</u>	<u>433,133</u>
Total revenues	<u>65,437</u>	<u>433,133</u>
EXPENDITURES:		
Current:		
Public safety	68,029	-
Culture and recreation	-	-
Transportation	-	-
Capital outlay	-	93,109
	<u>68,029</u>	<u>93,109</u>
Total expenditures	<u>68,029</u>	<u>93,109</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,592)	340,024
FUND BALANCES (DEFICITS):		
Beginning of year	<u>(3,861)</u>	<u>1,369,891</u>
End of year	<u>\$ (6,453)</u>	<u>\$ 1,709,915</u>

See independent auditors' report.

Total
Other
Governmental
Funds

\$ 1,367,420
445,742
40,289
300

1,853,751

222,134
193,517
41,614
200,001

657,266

1,196,485

4,248,098

\$ 5,444,583

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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 700,000	\$ 681,468	\$ (18,532)
Investment income	8,500	10,549	2,049
Total revenues	708,500	692,017	(16,483)
EXPENDITURES:			
Current:			
Transportation	84,676	41,614	43,062
Capital outlay	175,851	9,212	166,639
Total expenditures	260,527	50,826	209,701
EXCESS OF REVENUES OVER EXPENDITURES	447,973	641,191	193,218
FUND BALANCE:			
Beginning of year	177,621	177,621	-
End of year	<u>\$ 625,594</u>	<u>\$ 818,812</u>	<u>\$ 193,218</u>

See independent auditors' report.

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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 100,000	\$ 100,000	\$ -
Investment income	1,000	843	(157)
Total revenues	<u>101,000</u>	<u>100,843</u>	<u>(157)</u>
EXPENDITURES:			
Current:			
Public safety	131,139	154,105	(22,966)
Total expenditures	<u>131,139</u>	<u>154,105</u>	<u>(22,966)</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(30,139)	(53,262)	(23,123)
FUND BALANCE:			
Beginning of year	146,140	146,140	-
End of year	<u>\$ 116,001</u>	<u>\$ 92,878</u>	<u>\$ (23,123)</u>

See independent auditors' report.

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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 230,600	\$ 184,472	\$ (46,128)
Total revenues	230,600	184,472	(46,128)
EXPENDITURES:			
Current:			
Culture and recreation	244,673	193,517	51,156
Total expenditures	244,673	193,517	51,156
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,073)	(9,045)	5,028
FUND BALANCE:			
Beginning of year	103,395	103,395	-
End of year	<u>\$ 89,322</u>	<u>\$ 94,350</u>	<u>\$ 5,028</u>

See independent auditors' report.

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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 45,000	\$ 49,649	\$ 4,649
Other	-	300	300
Total revenues	<u>45,000</u>	<u>49,949</u>	<u>4,949</u>
EXPENDITURES:			
Capital outlay	<u>147,624</u>	<u>18,443</u>	<u>129,181</u>
Total expenditures	<u>147,624</u>	<u>18,443</u>	<u>129,181</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(102,624)	31,506	134,130
FUND BALANCE:			
Beginning of year	<u>141,598</u>	<u>141,598</u>	<u>-</u>
End of year	<u><u>\$ 38,974</u></u>	<u><u>\$ 173,104</u></u>	<u><u>\$ 134,130</u></u>

See independent auditors' report.

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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 50,000	\$ 36,759	\$ (13,241)
Investment income	100	204	104
Total revenues	50,100	36,963	(13,137)
EXPENDITURES:			
Capital outlay	50,000	-	50,000
Total expenditures	50,000	-	50,000
EXCESS OF REVENUES OVER EXPENDITURES	100	36,963	36,863
FUND BALANCE:			
Beginning of year	9,366	9,366	-
End of year	<u>\$ 9,466</u>	<u>\$ 46,329</u>	<u>\$ 36,863</u>

See independent auditors' report.

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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 10,000	\$ 31,171	\$ 21,171
Investment income	8,500	3,525	(4,975)
Total revenues	18,500	34,696	16,196
EXPENDITURES:			
Capital outlay	110,049	43,539	66,510
Total expenditures	110,049	43,539	66,510
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(91,549)	(8,843)	82,706
FUND BALANCE:			
Beginning of year	452,405	452,405	-
End of year	<u>\$ 360,856</u>	<u>\$ 443,562</u>	<u>\$ 82,706</u>

See independent auditors' report.

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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 217,000	\$ 211,621	\$ (5,379)
Investment income	10,000	13,885	3,885
Total revenues	<u>227,000</u>	<u>225,506</u>	<u>(1,494)</u>
EXPENDITURES:			
Capital outlay	554,383	35,698	518,685
Total expenditures	<u>554,383</u>	<u>35,698</u>	<u>518,685</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(327,383)	189,808	517,191
FUND BALANCE:			
Beginning of year	1,640,162	1,640,162	-
End of year	<u>\$ 1,312,779</u>	<u>\$ 1,829,970</u>	<u>\$ 517,191</u>

See independent auditors' report.

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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 100,000	\$ 65,437	\$ (34,563)
Total revenues	<u>100,000</u>	<u>65,437</u>	<u>(34,563)</u>
EXPENDITURES:			
Current:			
Public safety	37,449	68,029	(30,580)
Total expenditures	<u>37,449</u>	<u>68,029</u>	<u>(30,580)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	62,551	(2,592)	(65,143)
FUND BALANCE (DEFICIT):			
Beginning of year	(3,861)	(3,861)	-
End of year	<u>\$ 58,690</u>	<u>\$ (6,453)</u>	<u>\$ (65,143)</u>

See independent auditors' report.

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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 450,000	\$ 421,850	\$ (28,150)
Investment income	15,000	11,283	(3,717)
Total revenues	465,000	433,133	(31,867)
EXPENDITURES:			
Capital outlay	1,735,125	93,109	1,642,016
Total expenditures	1,735,125	93,109	1,642,016
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,270,125)	340,024	1,610,149
FUND BALANCE:			
Beginning of year	1,369,891	1,369,891	-
End of year	<u>\$ 99,766</u>	<u>\$ 1,709,915</u>	<u>\$ 1,610,149</u>

See independent auditors' report.

INTERNAL SERVICE FUNDS

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, 2014

	Self-Insurance	Automotive Maintenance	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 3,553,650	\$ 1,240,622	\$ 4,794,272
Total current assets	<u>3,553,650</u>	<u>1,240,622</u>	<u>4,794,272</u>
Noncurrent assets:			
Capital assets:			
Being depreciated (net of accumulated depreciation)	-	973,560	973,560
Total noncurrent assets	<u>-</u>	<u>973,560</u>	<u>973,560</u>
Total assets	<u>3,553,650</u>	<u>2,214,182</u>	<u>5,767,832</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	14,676	90,237	104,913
Accrued payroll	12,532	7,797	20,329
Compensated absences, due within one year	-	18,903	18,903
Claims payable, due within one year	1,003,527	-	1,003,527
Total current liabilities	<u>1,030,735</u>	<u>116,937</u>	<u>1,147,672</u>
Noncurrent liabilities:			
Claims payable, due in more than one year	2,341,562	-	2,341,562
Total noncurrent liabilities	<u>2,341,562</u>	<u>-</u>	<u>2,341,562</u>
Total liabilities	<u>3,372,297</u>	<u>116,937</u>	<u>3,489,234</u>
NET POSITION:			
Net investment in capital assets	-	973,560	973,560
Unrestricted	181,353	1,123,685	1,305,038
Total net position	<u>\$ 181,353</u>	<u>\$ 2,097,245</u>	<u>\$ 2,278,598</u>

See independent auditors' report

City of San Gabriel
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2014

	Self-Insurance	Automotive Maintenance	Total
OPERATING REVENUES:			
Charges for services	\$ 4,445,065	\$ 1,252,880	\$ 5,697,945
Total operating revenue	4,445,065	1,252,880	5,697,945
OPERATING EXPENSES:			
Personnel services	-	231,925	231,925
Contractual services	-	15,387	15,387
Vehicle operating	-	449,736	449,736
Depreciation	-	54,078	54,078
Utilities	-	4,134	4,134
Uniforms	-	1,489	1,489
Operating expenses	-	2,116	2,116
Insurance premiums	4,804,841	-	4,804,841
Claims and judgments	1,088,304	-	1,088,304
Capital outlay	-	3,464	3,464
Total operating expenses	5,893,145	762,329	6,655,474
OPERATING INCOME (LOSS)	(1,448,080)	490,551	(957,529)
NONOPERATING REVENUES:			
Investment income	17,554	8,397	25,951
Total nonoperating revenues	17,554	8,397	25,951
INCOME (LOSS) BEFORE TRANSFERS	(1,430,526)	498,948	(931,578)
TRANSFERS:			
Transfers in	1,203,225	-	1,203,225
Transfers out	-	(35,000)	(35,000)
Total transfers	1,203,225	(35,000)	1,168,225
CHANGE IN NET POSITION	(227,301)	463,948	236,647
NET POSITION:			
Beginning of the year	408,654	1,633,297	2,041,951
End of the year	<u>\$ 181,353</u>	<u>\$ 2,097,245</u>	<u>\$ 2,278,598</u>

See independent auditors' report.

City of San Gabriel
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2014

	Self-Insurance	Automotive Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from user departments	\$ 4,445,065	\$ 1,252,880	\$ 5,697,945
Cash payments to suppliers for goods and services	(5,047,686)	(415,633)	(5,463,319)
Cash payments to employees for services	-	(233,083)	(233,083)
Net cash provided by (used for) operating activities	(602,621)	604,164	1,543
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	1,203,225	-	1,203,225
Cash provided to other funds	-	(35,000)	(35,000)
Net cash provided by (used for) noncapital financing activities	1,203,225	(35,000)	1,168,225
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments to acquire capital assets	-	(586,955)	(586,955)
Net cash used for capital and related financing activities	-	(586,955)	(586,955)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	17,554	8,397	25,951
Net cash provided by investing activities	17,554	8,397	25,951
Net increase (decrease) in cash and cash equivalents	618,158	(9,394)	608,764
CASH AND CASH EQUIVALENTS:			
Beginning of the year	2,935,492	1,250,016	4,185,508
End of the year	<u>\$ 3,553,650</u>	<u>\$ 1,240,622</u>	<u>\$ 4,794,272</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,448,080)	\$ 490,551	\$ (957,529)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	-	54,078	54,078
Changes in assets and liabilities:			
(Increase) decrease in prepaid costs	183,586	-	183,586
Increase (decrease) in accounts payable	(12,367)	60,693	48,326
Increase (decrease) in accrued payroll	12,532	599	13,131
Increase (decrease) in compensated absences payable	-	(1,757)	(1,757)
Increase (decrease) in claims payable	661,708	-	661,708
Net cash provided by (used for) operating activities	\$ (602,621)	\$ 604,164	\$ 1,543

See independent auditors' report.

AGENCY FUND

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, 2014

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Deposit Agency Fund				
ASSETS:				
Cash and investments	\$ 624,993	\$ 1,050,515	\$ (563,961)	\$ 1,111,547
Total assets	<u>\$ 624,993</u>	<u>\$ 1,050,515</u>	<u>\$ (563,961)</u>	<u>\$ 1,111,547</u>
LIABILITIES:				
Accounts payable	\$ 13,608	\$ 307,328	\$ (312,572)	\$ 8,364
Deposits payable	611,385	915,048	(423,250)	1,103,183
Total liabilities	<u>\$ 624,993</u>	<u>\$ 1,222,376</u>	<u>\$ (735,822)</u>	<u>\$ 1,111,547</u>

See independent auditors' report.

STATISTICAL SECTION

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.

Contents

Page

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

112-119

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

120-124

Debt Capacity

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.

125-129

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

130-131

Operating Information

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.

132-134

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			
	2014	2013	2012	2011
Primary government				
Investment in capital assets	\$ 39,736,996	\$ 40,680,317	\$ 40,773,686	\$ 39,375,000
Restricted ⁽¹⁾	15,319,010	12,393,282	10,408,493	14,665,685
Unrestricted	(2,111,415)	458,790	2,508,800	2,179,372
Total primary government net position	<u>\$ 52,944,591</u>	<u>\$ 53,532,389</u>	<u>\$ 53,690,979</u>	<u>\$ 56,220,057</u>

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

TABLE 1

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 37,827,601	\$ 37,743,330	\$ 33,455,141	\$ 33,796,931	32,625,226	34,550,210
-	-	-	-	-	-
20,371,939	21,447,464	22,873,363	21,411,617	16,489,547	13,185,700
<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>	<u>47,735,910</u>

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

	Fiscal Year			
	2014	2013	2012	2011
Expenses				
Governmental activities:				
General government	\$ 6,907,530	\$ 7,153,952	\$ 6,324,430	\$ 6,863,837
Public safety	18,953,862	19,644,859	19,695,496	18,558,140
Community development	5,469,123	5,451,019	8,880,924	8,984,098
Culture and recreation	3,290,862	3,512,514	3,259,953	3,178,378
Transportation	2,105,289	2,984,929	1,563,573	3,069,674
Loss on disposal of capital assets		27,481		
Total primary government expenditures	<u>36,726,666</u>	<u>38,774,754</u>	<u>39,724,376</u>	<u>40,654,127</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	881,188	811,645	788,719	788,664
Public safety	2,169,374	2,149,555	2,292,293	2,356,082
Community development	1,982,011	1,784,826	1,653,036	1,784,907
Culture and recreation	815,468	850,741	780,451	675,849
Transportation	6,000	6,000	6,000	6,000
Operating grants and contributions	4,147,332	5,788,085	5,948,416	6,900,218
Capital grants and contributions	787,239	911,063	1,687,194	2,897,964
Total government activities program revenues	<u>10,788,612</u>	<u>12,301,915</u>	<u>13,156,109</u>	<u>15,409,684</u>
Net revenue/(expenses)				
Total primary government net expense	<u>\$ (25,938,054)</u>	<u>\$ (26,472,839)</u>	<u>\$ (26,568,267)</u>	<u>\$ (25,244,443)</u>
Governmental activities:				
Taxes				
Property taxes	\$ 10,261,507	\$ 9,718,176	\$ 9,237,775	\$ 8,990,057
Utility users tax	4,596,568	4,655,606	4,514,886	880,057
Sales Taxes	4,177,364	4,221,735	3,860,989	4,690,820
Franchise taxes	587,201	585,104	582,469	3,527,569
Transient occupancy tax	1,425,873	1,167,616	948,223	582,088
Property transfer tax	176,835	118,016	87,613	86,649
Motor vehicle in lieu (unrestricted)	3,836,014	3,706,552	3,611,799	3,716,904
Investment earnings	118,520	195,987	654,325	697,253
Miscellaneous	170,374	105,000	67,915	93,564
Total governmental activities:	<u>25,350,256</u>	<u>24,473,792</u>	<u>23,565,994</u>	<u>23,264,960</u>
Total primary government	<u>25,350,256</u>	<u>24,473,792</u>	<u>23,565,994</u>	<u>23,264,960</u>
Extraordinary item	-	-	1,805,302	-
Changes in Net Position				
Total primary government	<u>\$ (587,798)</u>	<u>\$ (1,999,047)</u>	<u>\$ (1,196,971)</u>	<u>\$ (1,979,483)</u>

TABLE 2

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 6,437,800	\$ 5,443,922	\$ 5,226,785	\$ 3,202,488	\$ 4,629,928	\$ 3,632,467
17,748,076	17,869,728	17,229,072	14,685,584	14,278,926	14,394,449
6,406,734	5,926,698	6,067,911	3,902,507	4,607,455	6,072,509
2,929,024	3,246,525	3,102,722	2,855,572	2,737,045	2,784,195
1,688,865	3,256,021	2,063,459	2,153,567	3,386,808	697,797
<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>	<u>27,581,417</u>
738,643	667,009	697,239	673,429	204,187	3,505,044
2,227,266	1,978,130	1,843,374	2,008,412	1,938,757	1,343,392
1,496,009	1,736,552	2,417,507	2,099,574	2,592,783	2,919,783
762,501	829,795	799,899	739,107	517,130	506,565
6,000	6,000	5,500	6,000	5,500	6,500
3,648,642	6,224,331	5,097,352	4,561,119	5,149,940	4,026,667
4,302,455	2,456,961	2,602,237	2,019,336	1,497,228	1,040,705
<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>13,348,656</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>	<u>\$ (14,232,761)</u>
\$ 8,193,637	\$ 8,852,999	\$ 8,193,765	\$ 7,765,406	\$ 6,810,825	\$ 5,408,729
4,685,188	3,867,625	3,570,013	3,542,633	3,436,485	3,259,972
3,090,531	3,507,109	4,051,011	4,146,868	3,951,558	3,924,613
563,514	639,870	625,398	668,599	581,641	565,710
760,976	702,295	645,892	565,719	492,500	367,974
130,419	106,406	194,860	237,345	225,367	198,064
3,597,698	3,583,434	3,300,106	3,174,911	3,014,702	
645,521	470,795	600,514	616,772	521,702	353,378
146,830	208,165	165,238	68,263	78,720	123,743.00
<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>14,202,183</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>14,202,183</u>
-	-	-	-	-	-
<u>\$ (214,669)</u>	<u>\$ 94,582</u>	<u>\$ 1,119,956</u>	<u>\$ 6,093,775</u>	<u>\$ 1,378,863</u>	<u>\$ (30,578)</u>

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

	Fiscal Year			
	2014	2013	2012	2011
General fund				
Nonspendable	\$ 1,284,945	\$ 1,284,945	\$ 1,291,035	\$ 5,457,078
Reserved	-	-	-	-
Restricted	18,247	10,525	21,907	244,594
Committed	2,951,643	3,294,439	5,836,526	6,121,090
Assigned	132,488	56,076	-	-
Unassigned	2,962,914	3,365,984	1,140,249	(639,868)
Unreserved	-	-	-	-
Total general fund	<u>\$ 7,350,237</u>	<u>\$ 8,011,969</u>	<u>\$ 8,289,717</u>	<u>\$ 11,182,894</u>
All other governmental funds				
Reserved				
Restricted	\$ 15,056,442	\$ 12,382,757	\$ 11,084,898	\$ 14,845,426
Unassigned				(5,631,679)
Special revenue funds	(7,840)	(5,248)	(824,635)	
Capital projects funds	-	-	-	
Total all other governmental funds	<u>\$ 15,048,602</u>	<u>\$ 12,377,509</u>	<u>\$ 10,260,263</u>	<u>\$ 9,213,747</u>

TABLE 3

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 11,037,947	\$ 9,476,639	\$ 7,069,832	\$ 5,480,870	\$ 4,272,486	\$ 3,129,445
122,874	2,604,025	3,898,435	3,951,322	2,830,700	1,547,760
<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>	<u>\$ 4,677,205</u>
\$ 4,090,559	\$ 3,844,491	\$ 4,701,353	\$ 4,200,199	\$ 4,656,964	\$ 5,154,535
10,288,265	8,232,648	9,787,423	8,652,955	6,820,730	5,323,606
(2,067,856)	(815,179)	(814,569)	(1,455,842)	(1,943,857)	(761,763)
<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>	<u>\$ 9,716,378</u>

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

	Fiscal Year			
	2014	2013	2012	2011
Revenues				
Taxes	\$ 21,225,348	\$ 21,115,668	\$ 19,707,269	\$ 19,971,918
Intergovernmental	7,665,587	8,911,593	9,353,878	8,851,153
Charges for services	3,457,711	3,258,226	3,295,442	3,255,034
Fines and forfeitures	857,420	907,211	1,099,215	1,121,834
Licenses and permits	1,898,675	1,802,968	1,721,882	1,682,928
Investment income	769,084	942,989	1,425,700	1,589,883
Other	251,544	923,047	195,915	1,830,805
Total revenues	36,125,369	37,861,702	36,799,301	38,303,555
Expenditures				
General government	6,228,126	6,405,502	5,476,596	6,129,782
Police	10,607,474	10,588,300	11,011,904	10,579,871
Fire	6,398,977	6,254,470	6,459,510	6,342,987
Community development	4,507,884	4,430,192	6,745,302	5,140,022
Culture and recreation	2,956,061	3,056,792	2,993,283	2,872,819
Transportation	676,760	1,689,974	595,409	1,998,050
Capital outlay	1,572,501	2,596,974	6,349,023	7,474,667
Total expenditures	32,947,783	35,022,204	39,631,027	40,538,198
Excess of revenues over (under) expenditures	3,177,586	2,839,498	(2,831,726)	(2,234,643)
Other financing sources (uses)				
Transfers in	4,446,410	4,858,716	5,315,085	5,813,008
Transfers out	(5,614,635)	(5,858,716)	(6,135,322)	(6,653,513)
Sales of capital assets	-	-	-	-
Total other financing sources (uses)	(1,168,225)	(1,000,000)	(820,237)	(840,505)
Extraordinary item	-	-	1,805,302	-
Net change in fund balances	\$ 2,009,361	\$ 1,839,498	\$ (1,846,661)	\$ (3,075,148)

TABLE 4

		Fiscal Year									
		2010	2009	2008	2007	2006	2005				
\$	18,967,156	\$	18,856,774	\$	18,396,557	\$	17,819,605	\$	16,357,216	\$	14,279,916
	8,865,299		7,493,492		8,099,277		6,674,651		7,376,681		6,645,842
	2,897,685		2,962,722		3,554,372		3,378,104		3,172,456		3,433,174
	1,010,089		990,193		975,935		1,134,103		935,568		505,031
	1,525,324		1,618,502		1,999,600		1,804,288		1,751,879		1,522,070
	1,717,467		1,725,199		1,657,104		1,603,128		1,201,027		543,184
	402,551		1,580,225		339,413		196,614		964,280		124,063
	<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>		<u>27,053,280</u>
	5,748,554		5,302,319		4,848,851		4,653,839		4,488,526		3,484,375
	10,288,761		10,474,668		9,951,781		9,013,299		8,651,059		8,129,980
	6,102,152		6,237,333		6,089,533		5,415,918		5,165,018		4,955,281
	5,178,331		5,211,414		5,029,899		3,826,599		3,778,788		3,923,588
	2,840,657		3,034,745		2,909,229		2,760,442		2,599,376		2,477,786
	797,342		2,314,683		762,762		714,778		1,688,142		621,934
	3,488,540		3,499,652		2,793,920		1,787,862		1,418,409		2,637,308
	<u>34,444,337</u>		<u>36,074,814</u>		<u>32,385,975</u>		<u>28,172,737</u>		<u>27,789,318</u>		<u>26,230,252</u>
	941,234		(847,707)		2,636,283		4,437,756		3,969,789		823,028
	5,768,687		6,304,479		6,571,507		5,878,963		5,497,386		4,880,058
	(6,580,756)		(6,756,622)		(6,894,820)		(6,124,238)		(5,723,735)		(5,049,237)
					-		-		-		-
	<u>(812,069)</u>		<u>(452,143)</u>		<u>(323,313)</u>		<u>(245,275)</u>		<u>(226,349)</u>		<u>(169,179)</u>
	-		-		-		-		-		-
\$	<u>129,165</u>	\$	<u>(1,299,850)</u>	\$	<u>2,312,970</u>	\$	<u>4,192,481</u>	\$	<u>3,743,440</u>	\$	<u>653,849</u>

City of San Gabriel
Assessed Value and Estimated 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 Direct Tax Rate *</u>	<u>Total Assessed Value</u>
2004-2005	1,954,983,363	534,095,932	60,925,561	13,950,179	2,536,054,677	0.2115%	2,550,004,856
2005-2006	2,147,415,244	572,858,300	61,727,068	13,972,591	2,768,028,021	0.2445%	2,782,000,612
2006-2007	2,357,776,029	709,325,979	69,591,831	14,065,867	3,136,693,839	0.2685%	3,185,026,371
2007-2008	2,536,813,542	720,257,939	75,044,285	14,927,928	3,332,115,766	0.2648%	3,456,264,580
2008-2009	2,688,432,244	902,400,041	79,640,809	14,441,989	3,670,473,094	0.2727%	3,720,407,417
2009-2010	2,723,737,670	720,620,825	79,631,466	14,583,983	3,718,889,581	0.2755%	3,769,434,863
2010-2011	2,787,025,610	905,055,434	78,770,286	14,522,506	3,770,851,330	0.2753%	3,820,231,236
2011-2012	2,858,165,592	907,681,658	80,043,712	14,522,506	3,845,890,962	0.2755%	3,896,072,069
2012-2013	2,948,513,283	924,559,905	73,486,182	18,333,756	3,946,559,370	0.2743%	3,981,910,855
2013-2014	3,077,659,813	933,523,453	78,114,044	16,596,147	4,089,297,310	0.2437%	4,129,587,565

* Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

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									
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
City Direct Rates:										
Basic Levy	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
City Basic Rate	0.14000	0.14000	0.14000	0.14000	0.14000	0.14000	0.14000	0.14000	0.14000	0.11000
Total City Direct Rate	1.14000	1.14000	1.14000	1.14000	1.14000	1.14000	1.14000	1.14000	1.14000	1.11000
Overlapping Rates:										
Alhambra Unified School Dist.	0.06666	0.06760	0.07411	0.05996	0.05151	0.03625	0.05460	0.05942	0.06379	0.01949
County Detention Facilities	-	-	-	-	-	-	-	0.00066	0.00080	0.00092
El Monte Union High School	0.09799	0.08992	0.09591	0.08475	0.09654	0.05159	0.02820	0.05846	0.05425	0.03928
Garvey School District	0.09131	0.08832	0.08404	0.08503	0.07836	0.06835	0.05061	0.05075	0.05221	0.02319
L.A. Community College	0.04454	0.04875	0.03530	0.04031	0.02311	0.02212	0.00878	0.02146	0.01430	0.01810
L.A. County Flood Control District	-	-	-	-	-	-	-	0.00005	0.00005	0.00024
Metropolitan Water District	0.00350	0.00350	0.00370	0.00370	0.00430	0.00430	0.00450	0.00470	0.00520	0.00580
Pasadena Community College	0.01899	0.02055	0.01956	0.01986	0.02300	0.01741	0.01972	0.02080	0.00410	0.00879
Rosemead School Dist.	0.10314	0.10240	0.10507	0.10743	0.11358	0.06875	0.08282	0.05420	0.07515	0.07095
San Gabriel Unified	0.10082	0.10523	0.08454	0.10190	0.10070	0.09293	0.05742	0.04930	0.05284	0.05729
Temple City Unified	0.10744	0.04981	0.04590	0.04950	0.04910	0.04661	0.04413	0.04977	0.04466	0.04778
Total Direct Rate *	0.24374	0.27426	0.27546	0.27532	0.27553	0.27291	0.26484	0.28953	0.28437	0.24814

* Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

Source: Los Angeles County Assessor 2004/05-2013/14 Tax Rate Table.

TABLE 7

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

Taxpayer	2014			2013			2012			2011			2010		
	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	62,396	1	1.53%	61,172	1	1.55%	59,973	1	1.56%	59,525	1	1.58%	59,666	1	1.60%
Landwin Hospitality LLC	54,106	2	1.32%	53,639	2	1.36%	53,179	2	1.38%	52,722	2	1.40%	51,911	2	1.40%
San Gabriel Valley Medical Center	38,827	3	0.95%	38,065	3	1.30%	37,319	3	0.97%	37,040	3	0.98%	49,403	3	1.33%
Tony C. Chu Trust	28,774	4	0.70%	28,209	4	0.71%	27,656	4	0.72%	27,450	4	0.73%	21,300	7	0.57%
Lancer Investment LLC	22,072	5	0.54%	21,553	5	0.55%	21,248	5	0.55%	25,976	5	0.69%	26,052	4	0.70%
San Gabriel Medical Plaza LLC Lessee	20,278	6	0.50%	19,880	6	0.50%	19,740	6	0.51%	21,501	6	0.57%	21,552	6	0.58%
Demer Properties Inc.	18,485	7	0.45%	18,123	8	0.46%	17,768	8	0.46%	17,635	8	0.47%	17,677	8	0.48%
Setiawan Boedi Trust	14,712	8	0.36%	15,170	9	0.38%	15,170	9	0.39%	15,170	10	0.40%	16,854	9	0.45%
San Gabriel Gateway Center	14,061	9	0.34%	13,899	10	0.35%	14,789	10	0.39%	16,762	9	0.44%	16,801	10	0.45%
AHMC San Gabriel Valley Medical Ctr. IP	13,597	10	0.33%												
DMV Investments, LLC				18,413	7	0.50%									
CRE JL California LLC							18,413	7	0.48%						
Valley Del Mar Plaza LLC										18,523	7	0.49%	22,440	5	0.60%

Source: Los Angeles County Assessor

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

TABLE 7
continued

Taxpayer	2009			2008			2007			2006			2005		
	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
San Gabriel Valley Medical Center	61,190	1	1.67%				60,296	1	1.92%	76,240	1	2.68%	77,185	1	2.96%
Universal Shopping Plaza	58,496	2	1.59%	57,349	1	1.72%	56,225	2	1.79%	54,439	2	1.97%	53,372	2	2.05%
Landwin Hospitality LLC	54,455	3	1.48%	24,525	2	0.74%	13,609	6	0.43%	13,079	5	0.47%			
Lancer Investment LLC	25,403	4	0.69%												
Tony C. Chu Trust	20,883	5	0.57%	20,473	3	0.61%	20,072	3	0.64%	19,799	3	0.72%	19,292	3	0.74%
Demer Properties Inc.	17,331	6	0.47%	14,217	6	0.43%	16,658	4	0.53%	18,372	4	0.66%	14,247	4	0.55%
Triunion LLC	16,524	7	0.45%												
San Gabriel Medical Plaza LLC Lessee	14,501	8	0.40%				13,938	5	0.44%						
Anson 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%	11,014	6	0.40%	10,798	5	0.41%
King Summer Star LLC										8,324	7	0.30%			
Grand Valley LLC										8,102	8	0.29%	10,153	6	0.39%
Hawaii Property Inc.				16,200	5	0.49%				8,089	9	0.29%	7,930	9	0.30%
Lucky Center LLC				10,710	7	0.32%				7,613	10	0.28%			
Shih Properties Inc.				9,903	9	0.30%									
Life Plaza Center LLC				10,579	8	0.32%									
Archdiocese of LA Educ & Welfare				9,316	10	0.28%							6,963	10	0.28%
Thomas K. & Hsui Y. Wong													8,583	8	0.33%
													8,895	7	0.34%

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 ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ⁽²⁾	Percentage of Levy		Amount	Percentage of Levy
2004-2005	5,420,209	5,236,233	97%	166,111	5,402,344	100%
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%

(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, 2014

TABLE 9

	Percent Applicable to City of San Gabriel	Outstanding Debt 6/30/14	Amount Applicable to City of San Gabriel
<u>Direct Debt:</u>			
CITY INDEBTEDNESS	1.000	\$ 5,335,443	\$ 5,335,443
<u>Overlapping Bonded Debt:</u>			
METROPOLITAN WATER DISTRICT	0.427	64,271,492	274,355
GARVEY SCHOOL DISTRICT DS 2000 SERIES A	12.519	174,557	21,852
GARVEY SCHOOL DISTRICT DS 2000 SERIES B	12.519	4,334,519	542,620
GARVEY SCHOOL DISTRICT 2004 SERIES 2005	12.519	7,243,736	906,813
GARVEY SCHOOL DISTRICT 2004 SERIES 2006	12.519	9,829,168	1,230,473
GARVEY SCHOOL DISTRICT 2004 SERIES C	12.519	8,877,964	1,111,395
GARVEY SCHOOL DISTRICT 2011 REFUND BONDS	12.519	7,085,000	886,942
ROSEMEAD SCHOOL DISTRICT DS 2000 SERIES C	11.583	6,250,000	723,922
ROSEMEAD SCHOOL DISTRICT DS 2007 SERIES D	11.583	13,025,000	1,508,654
ROSEMEAD SCHOOL DISTRICT DS 2008 SERIES A	11.583	8,326,503	964,439
ROSEMEAD SD DS 2011 REF BONDS	11.583	8,915,000	1,032,603
ROSEMEAD SD DS 2012 REF BONDS	11.583	5,385,000	623,732
EL MONTE UNION HSD DS 2002 SERIES A	2.441	1,185,000	28,929
EL MONTE UNION HSD DS 2002 SERIES B	2.441	1,210,000	29,540
EL MONTE UNION HSD DS 2006 REFUNDING BONDS	2.441	33,482,675	817,410
EL MONTE UNION HSD DS 2002 SERIES C	2.441	27,565,000	672,942
EL MONTE UNION HSD DS 2008 SERIES A	2.441	52,339,850	1,277,769
EL MONTE UNION HSD DS 2008 SERIES B	2.441	30,297,787	739,658
LA CCD DS 2003 TAXABLE SERIES 2004B	0.609	74,235,000	451,989
LA CCD DS 2001 TAXABLE SERIES 2004A	0.609	8,850,000	53,884
LA CCD DS REFUNDING 2001 SERIES 2005A	0.609	403,320,000	2,455,662
LA CCD DS 2001, 2006 SERIES B	0.609	266,185,000	1,620,699
LA CCD DS 2003, 2006 SERIES C	0.609	381,585,000	2,323,326
LA CCD DS 2001, 2008 SERIES E-1	0.609	267,340,000	1,627,731
LA CCD DS 2003, 2008 SERIES F-1	0.609	341,565,000	2,079,659
LA CCD DS 2008, 2009 TAXABLE SERIES A	0.609	350,000,000	2,131,017
LA CCD DS 2008, 2009 TAXABLE SERIES B	0.609	75,000,000	456,646
LA CCD DEBT 2008, 2010 TAX SERIES D	0.609	219,889,950	1,338,826
LA CCD DEBT 2008, 2010 TAX SER E (BABS)	0.609	900,000,000	5,479,757
LA CCD DS 2008, 2010 SERIES C	0.609	177,885,060	1,083,074
LA CCD DS 2013 REFUNDING BONDS	0.609	54,480,000	331,708
LA CCD DS 2008 SERIES G	0.609	220,000,000	1,339,496
PASADENA AREA CCD DS 2006 SERIES B	0.426	26,985,000	114,976
PASADENA AREA CCD DS 2006 REF BD SERIES C	0.426	19,443,312	82,843
PASADENA AREA CCD DS 2002, 2006 SERIES D	0.426	25,645,000	109,266
PASADENA AREA CCD DS 2002, 2009 SER E (BABS)	0.426	25,295,000	107,775
SAN GABRIEL USD DS 2002 SERIES B	74.264	6,111,492	4,538,644
SAN GABRIEL USD DS 2005 REF. BONDS	74.264	16,155,000	11,997,364
SAN GABRIEL USD DS 2002 SER 2007 C	74.264	10,557,878	7,840,712
SAN GABRIEL USD DS 2008 SERA A	74.264	17,748,245	13,180,573
SAN GABRIEL USD DS 2010 REFUND BONDS	74.264	6,400,000	4,752,902

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City of San Gabriel
Schedule of Direct and Overlapping Debt
June 30, 2014

TABLE 9
continued

	Percent Applicable to City of San Gabriel	Outstanding Debt 6/30/14	Amount Applicable to City of San Gabriel
SAN GABRIEL USD DS 2008 SERIES B	74.264	\$ 38,396,424	\$ 28,514,757
SAN GABRIEL USD DS 2012 REF BOND SERIES B	74.264	2,665,000	1,979,138
ALHAMBRA USD DS 1999 SERIES A	0.015	5,130,306	746
ALHAMBRA USD DS 2005 REFUNDING BONDS	0.015	8,120,000	1,180
ALHAMBRA USD DS 2004 SERIES A	0.015	5,693,884	827
ALHAMBRA USD DS 2008 SERIES A SFID	0.015	24,074,987	3,499
ALHAMBRA USD-GARVEY DS 2004 SERIES B	0.015	41,974,695	6,100
ALHAMBRA USD DS 2008 SERIES B	0.015	13,199,721	1,918
ALHAMBRA USD DS 2008 SERIES B-1 QSCB	0.015	10,959,000	1,593
ALHAMBRA USD-GARVEY DS 2012 REF SERIES A	0.015	34,315,000	4,987
Total Overlapping Debt:			<u>109,407,322</u>
Total Direct and Overlapping Debt:			<u>\$ 114,742,765</u>

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 2013/14 Lien Date Tax Rolls.

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

	Fiscal Year			
	2014	2013	2012	2011
Assessed value	4,089,297,310	3,946,559,370	3,845,890,962	3,770,851,330
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,022,324,328	986,639,843	961,472,741	942,712,833
Debt limit percentage	15%	15%	15%	15%
Debt limit	153,348,649	147,995,976	144,220,911	141,406,925
Total net debt applicable to limit:	-	-	-	-
Legal debt margin	153,348,649	147,995,976	144,220,911	141,406,925
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					
2010	2009	2008	2007	2006	2005
3,718,889,581	3,670,473,094	3,332,115,766	3,136,693,839	2,782,000,612	2,550,004,856
25%	25%	25%	25%	25%	25%
929,722,395	917,618,274	833,028,942	784,173,460	695,500,153	637,501,214
15%	15%	15%	15%	15%	15%
139,458,359	137,642,741	124,954,341	117,626,019	104,325,023	95,625,182
-	-	-	-	-	-
139,458,359	137,642,741	124,954,341	117,626,019	104,325,023	95,625,182
0%	0%	0%	0%	0%	0%

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

TABLE 11

<u>Fiscal Year</u>	<u>City Population ⁽¹⁾</u>	<u>Personal Income ⁽²⁾ (In Thousands)</u>	<u>Per Capita Personal Income ⁽²⁾</u>	<u>Unemployment Rate ⁽³⁾</u>
2005	42,125	792,137	18,825	5.30%
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	40,313			

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	2014		2013		2012		2011		2010		2009		2008		2007		2006		2005		
	No. of Emp	%	No. of Emp	%	No. of Emp	%	No. of Emp	%													
																					Total City
AHMC SAN GABRIEL VALLEY MEDICAL	1019	12.57%	1009	11.79%	1009	11.79%	912	11.69%	924	11.51%	860	11.12%	791	11.14%							
99 RANCH MARKET	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%	171	2.59%	
SAN GABRIEL SUPERSTORE	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%	106	1.61%	
FIVE STAR SEAFOOD RESTAURANT	129	1.59%	119	1.39%	115	1.34%															
IVY CREEK HEALTHCARE & WELLNESS CENTER (FORMERLY ALDERWOOD MANOR)	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%	100	1.51%	
SGV HEALTHCARE INC	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%	87	1.32%	
VISTA COVE CARE CENTER	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%	97	1.47%	
TENDER CARE HOME HEALTH	111	1.37%	109	1.27%	109	1.27%															
HAWAII SUPERMARKET	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%	121	1.83%	
SAN GABRIEL COUNTRY CLUB	102	1.26%	111	1.30%	111	1.30%	100	1.28%													
PINE GROVE HEALTHCARE & WELLNESS CENTER (FORMERLY FERNVIEW CONVALESCENT HOSPITAL)	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%	97	1.47%	
168 MARKET #803	95	1.17%	107	1.25%	107	1.25%															
MISSION LODGE SANITARIUM	88	1.09%	81	0.95%	81	0.95%	96	1.23%	87	1.08%	98	1.27%	110	1.55%	105	1.50%	98	1.45%	106	1.61%	
LANDWIN HOSPITALITY LLC	72	0.89%	70	0.82%	76	0.89%	70	0.90%	80	1.00%	180	2.33%	184	2.59%	137	1.96%	18	0.27%			
MARCO'S AUTO BODY, INC.	71	0.88%	68	0.79%	68	0.79%	61	0.78%	65	0.81%	70	0.91%	97	1.37%	89	1.28%	76	1.12%	73	1.11%	
BOILING POINT CORPORATION	61	0.75%	88	1.03%	88	1.03%															
SOUTHERN CAL SERVICES	61	0.75%	86	1.01%	86	1.01%	86	1.10%	85	1.06%	100	1.29%	98	1.38%	100	1.43%	71	1.05%	59	0.89%	

City of San Gabriel

Full-time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

TABLE 13

Function/Program	Full-time Equivalent Employees									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government										
Management services	8	7	7	7	6	7	7	7	7	7
Finance	8	9	7	8	9	9	8	8	8	7
Planning	3	3	4	4	3	4	4	4	4	4
Building	2	4	4	4	4	4	2	2	2	2
Other	4	5	5	5	4	5	5	6	4	5
Police										
Officers	53	52	52	53	54	57	60	54	53	54
Civilians	15	14	14	14	15	14	13	14	14	12
Fire										
Firefighters and officers	28	29	29	30	33	33	33	31	33	32
Civilians	1	1	1	1	1	2	2	2	2	2
Highways and streets										
Engineering	3	3	3	3	2	3	2	2	2	1
Maintenance	13	16	17	17	17	17	16	16	19	19
Redevelopment	0	0	1	1	1	2	2	0	1	1
Parks and recreation	18	20	21	21	22	17	22	20	21	21
Total	156	163	165	168	171	174	176	166	170	167

Source: City Finance Department

City of San Gabriel

Operating Indicators by Function/Program

Last Ten Fiscal Years

TABLE 14

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government										
Building permits issued	1,734	1,682	1,517	1,349	1,355	1,344	1,773	1,648	1,293	1,868
Building inspections conducted	5,103	4,794	5,256	5,143	5,381	5,396	5,956	5,947	4,671	6,868
Police										
Physical arrests	587	617	691	825	722	670	652	598	868	907
Parking violations	14,689	14,246	18,196	18,196	17,165	14,870	12,731	13,836	12,432	8,599
Traffic violations	5,617	6,312	9,400	9,400	10,001	7,783	7,136	4,865	7,456	7,008
Fire										
Emergency responses	2,340	2,283	2,300	2,102	2,008	2,125	2,173	2,331	1,805	2,234
Inspections	3,408	2,641	2,173	2,638	2,615	2,619	2,448	2,420	2,423	2,062
Highways and streets										
Street resurfacing (miles)	-	0.5	10.3	1.0	3.0	10.8	0.8	0.0	0.0	3.1
Potholes repaired	-	1,960	2,050	2,100	1,600	1,400	1,880	1,920	2,304	2,112
Culture and recreation										
Classes offered	362	459	326	352	352	266	294	285	289	362
Facility rentals	105	44	55	52	51	48	50	45	35	33

Source: City Finance Department

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

TABLE 15

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units		37	35	27	26	26	27	27	27	27
Fire										
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets (miles)	80	72	72	72	72	72	72	72	72	72
Streetlights	800	800	800	800	800	800	800	800	800	780
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