

# **City of San Marino**

San Marino, California

## **Financial Statements And Independent Auditors' Report**

*For the Year Ended June 30, 2016*

Prepared by  
Finance Department  
of the City of San Marino



**City of San Marino**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2016**

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**City of San Marino**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2016**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of San Marino, 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 City of San Marino, California, (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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



To the Honorable Mayor and Members of the City Council  
City of San Marino, California

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of the City of San Marino, California, as of June 30, 2016, 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***

#### *Required Supplementary Information*

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

#### *Other Information*

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

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

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



CPAs AND ADVISORS

To the Honorable Mayor and Members of the City Council  
City of San Marino, California

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Lance, Solt & Lughard, LLP*

Brea, California  
January 17, 2017





## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of San Marino, we offer readers of the City of San Marino's basic financial statements this narrative overview and analysis of the financial activities of the City of San Marino for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements.

### FINANCIAL HIGHLIGHTS

- The City's net position as of June 30, 2016 increased \$3,798,971 or 2.06% from \$184,034,800 to \$187,833,771, as a result of operations.
- Of the \$187,833,771, \$192,536,926 is the investment in capital assets; \$2,042,351 is restricted by enabling legislation and third party; remaining a \$(6,745,506) as unrestricted net position deficit.
- The \$(6,745,506) of unrestricted net position deficit is mainly caused by the reporting of the net pension liability as required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- Aggregate net pension liability is reported in the Statement of Net Position in the amount of \$20,149,559 as of the measurement date of June 30, 2015. The aggregate net pension liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2014, were then rolled-forward to June 30, 2015, the measurement date.
- During the fiscal year, the City made additional adjustments and transferred all equipment to the Capitalized Equipment Fund. This fund is to accumulate resources for replacement of equipment, and to show the cost of utilizing the equipment in the departments that provide services.
- The General Fund's fund balance as of June 30, 2016 increased by \$1,177,551 or 5.71% from \$20,637,952 to \$21,815,503.
- Of the \$21,815,503, \$68,829 is classified as nonspendable, \$171,899 is restricted by enabling legislation and third party; remaining a \$21,574,774 as unassigned.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are consisted of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements – both Governmental and Proprietary, and 3) Notes to Basic Financial Statements. This report also contains supplementary information in addition to the basic financial statements.

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

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

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

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

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

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

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

The City maintains twenty-six (26) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the City's capital projects, which are considered to be major funds. Data from the other twenty-four (24) governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

**Proprietary Funds.** The City maintains one type of proprietary funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for capitalized equipment. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

The City maintains one type of fiduciary fund. The *Agency fund* reports resources held by the City in a custodial capacity for individuals, private organizations and other governments.

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's funding its obligation to provide pension and OPEB benefits to its employees.

The combining statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information on pensions and OPEB.

## THE CITY AS A WHOLE

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2). The City's Net Position is made-up of three components: Net Investment in Capital Assets, Restricted Net Position and Unrestricted Net Position. The City's combined net position increased \$3,798,971 from \$184,034,800 to \$187,833,771.

**Table 1**  
**Condensed Statement of Net Position**

	2016	2015	Change in \$	Changes in %
Current and other assets	\$ 25,361,750	\$ 23,506,094	\$ 1,855,656	7.89%
Capital assets	192,536,926	191,516,729	1,020,197	0.53%
<b>Total assets</b>	<b>217,898,676</b>	<b>215,022,823</b>	<b>2,875,853</b>	<b>1.34%</b>
<b>Deferred outflows of resources</b>	<b>2,158,881</b>	<b>2,041,008</b>	<b>117,873</b>	<b>5.78%</b>
Current liabilities	3,295,718	1,831,889	1,463,829	79.91%
Long-term liabilities	25,456,831	25,205,613	251,218	1.00%
<b>Total liabilities</b>	<b>28,752,549</b>	<b>27,037,502</b>	<b>1,715,047</b>	<b>6.34%</b>
<b>Deferred inflows of resources</b>	<b>3,471,237</b>	<b>5,991,529</b>	<b>(2,520,292)</b>	<b>-42.06%</b>
<b>Net Position:</b>				
Investment in capital assets	192,536,926	191,516,729	1,020,197	0.53%
Restricted	2,042,351	1,298,249	744,102	57.32%
Unrestricted (deficit)	(6,745,506)	(8,780,178)	2,034,672	-23.17%
<b>Total net position</b>	<b>\$ 187,833,771</b>	<b>\$ 184,034,800</b>	<b>\$ 3,798,971</b>	<b>2.06%</b>

**Table 2**  
**Condensed Changes in Net Position**

	2016	2015	Change in \$	Changes in %
<b>REVENUES:</b>				
<b>Program revenues:</b>				
Charges for services	\$ 7,400,040	\$ 6,816,265	\$ 583,775	8.56%
Operating grants and contributions	1,335,022	1,880,539	(545,517)	-29.01%
Capital grants and contributions	149,969	183,052	(33,083)	-18.07%
<b>Total program revenues</b>	<b>8,885,031</b>	<b>8,879,856</b>	<b>5,175</b>	<b>0.06%</b>
<b>General revenues:</b>				
Property taxes	13,498,406	12,697,179	801,227	6.31%
Utilities Users Taxes	1,687,842	1,711,274	(23,432)	-1.37%
Business License taxes	452,025	484,672	(32,647)	-6.74%
Sales Taxes	397,155	398,890	(1,735)	-0.43%
Franchise Taxes	504,114	596,534	(92,420)	-15.49%
Other Taxes	-	4,300	(4,300)	-100.00%
Intergovernmental-Unrestricted	1,469,628	1,437,563	32,065	2.23%
Use of Money & Property	299,643	274,288	25,355	9.24%
Other Revenues	256,129	382,801	(126,672)	-33.09%
<b>Total general revenues</b>	<b>18,564,942</b>	<b>17,987,501</b>	<b>577,441</b>	<b>3.21%</b>
<b>Total revenues</b>	<b>27,449,973</b>	<b>26,867,357</b>	<b>582,616</b>	<b>2.17%</b>
<b>Expenses:</b>				
General government	2,326,271	3,320,007	(993,736)	-29.93%
Public safety	11,597,897	10,548,949	1,048,948	9.94%
Community development	1,174,123	997,514	176,609	17.70%
Recreation	2,017,404	2,072,272	(54,868)	-2.65%
Parks & public works	4,618,557	3,576,954	1,041,603	29.12%
Library	1,836,550	1,714,096	122,454	7.14%
Interest on long-term debt	261,276	282,727	(21,451)	-7.59%
<b>Total expenses</b>	<b>23,832,078</b>	<b>22,512,519</b>	<b>1,319,559</b>	<b>5.86%</b>
<b>Changes in net position</b>	<b>3,617,895</b>	<b>4,354,838</b>	<b>(736,943)</b>	<b>-16.92%</b>
<b>Net Position:</b>				
Beginning of year, as previously reported	184,034,800	206,838,713	(22,803,913)	-11.02%
Restatement	181,076	(27,158,751)	27,339,827	-100.67%
Beginning of year, as restated	184,215,876	179,679,962	4,535,914	2.52%
End of year	\$ 187,833,771	\$ 184,034,800	\$ 3,798,971	2.06%

## Governmental Activities

The following (Table 3) presents the cost of each of the City’s departments – general government, public safety, community development, library, recreation and parks & public works – as well as each program’s *net* cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions. The Public Safety tax has already been factored into the net cost of services so the \$6.72 million is the additional burden in excess of that tax.

**Table 3  
Cost of Services**

	Total Cost of Services	Net Cost of Services
General government	\$ 2,326,271	\$ 1,553,193
Public safety	11,597,897	7,060,098
Community development	1,174,123	111,031
Recreation	2,017,404	600,710
Parks & public works	4,618,557	3,784,972
Library	1,836,550	1,575,767
Interest on long-term debt	261,276	261,276
<b>Total</b>	<b>\$ 23,832,078</b>	<b>\$ 14,947,047</b>

### THE CITY’S FUNDS

The governmental funds balance sheet is shown. The combined fund balance of \$23.28 million increased from \$21.62 million.

#### *General Fund Budgetary Highlights*

During the year, with the recommendation from the City’s staff, the City Council revised the City budget several times. Adjustments were made as the City’s staff requested additional appropriations to cover the cost of projects that either had change orders for additional work, or the cost at the beginning of the project was underestimated. Adjustments were also made as department heads requested increases or decreases to their budgets to maintain their current level of services. All amendments that either increase or decrease appropriations are approved by the City Council.

For the City’s general fund, actual ending revenues of \$26.22 million were \$638,634 more than the final budgeted revenues of \$25.58 million. Majority is in the increase in additional tax collection of \$533,670.

The general fund actual ending expenditures of \$22.06 million were \$337,431 less than the final budget of \$22.40 million. The main reason is that there was due to the budget savings from Recreation, Parks and Public works, totaling \$449,338.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2016, the City had \$192.3 million invested in a broad range of capital assets. (See Table 4). This amount represents a net increase (including additions and deductions) of \$540,445. This is mainly due to an increase in construction in progress and in completed infrastructure, both largely due to street projects.

**Table 4**  
**Capital Assets**  
**Net of Accumulated Depreciation**

	2016	2015
Land	\$ 149,584,512	\$ 149,584,512
Construction in Progress	3,268,568	2,488,247
Structures & Improvements	14,983,728	14,919,451
Furnitures & Equipment	1,732,103	1,683,021
Infrastructures	22,728,139	23,081,374
<b>Total</b>	<b>\$ 192,297,050</b>	<b>\$ 191,756,605</b>

### Debt Administration

At the end of 2016, the City had an outstanding balance of \$4,355,000 in Pension Obligation Bonds debt. This amount represents a net decrease of \$475,000. This is mainly due to the annual pay down according to the debt service schedule. The City has no other long-term debt.

## ECONOMIC FACTORS AND NEXT YEAR'S (FY 2016-17) BUDGET

In preparing the budget for 2016-17, management looked at the following economic factors:

- Moderate increase in interest rates
- Moderate economic growth

Key budget assumptions for forecasting General Fund revenues included the following:

- Property Tax revenues are expected to increase by 3%.
- City revenues may be adversely affected by court decisions, state legislative actions, various propositions, initiatives, or other actions beyond the City's control. The main concern is the State budget. The effects are unknown as of the writing of this letter.

The original adopted budget for all funds for 2015-16 is \$28.0 million. The prior year's original adopted budget for all funds was \$26.3 million. The increase of \$1.7 million is mostly attributed to paying down the unfunded actuarial liability for employee's pension and various capital expenditures for street improvements.

Questions or requests for information regarding the City of San Marino's 2016-17 Budget should be sent to the City Manager's Office at the address below.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of San Marino's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager's Office, at the City of San Marino, 2200 Huntington Drive, San Marino, CA 91108.

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# **BASIC FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**City of San Marino**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Total Governmental Activities</b>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and investments	\$ 23,812,564
Receivables:	
Accounts	195,161
Taxes	1,175,879
Notes and loans	23,826
Interest	16,559
Due from other governments	96,455
Inventory	34,844
Prepaid items	6,357
<b>Noncurrent assets:</b>	
Cash with fiscal agent	105
Capital assets, not being depreciated	152,853,080
Capital assets, being depreciated, net	39,683,846
<b>Total Assets</b>	<b>217,898,676</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related deferred outflows of resources	2,158,881
<b>Total Deferred Outflows of Resources</b>	<b>2,158,881</b>
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable	922,810
Accrued liabilities	950,530
Accrued interest	19,630
Unearned revenue	5,000
Compensated absences, due within one year	252,321
Pension obligation bond, due within one year	525,000
Claims payable, due within one year	620,427
<b>Noncurrent liabilities:</b>	
Compensated absences, due more than one year	350,649
Pension obligation bond, due more than one year	3,817,422
Claims payable, due more than one year	930,641
Aggregate net pension liabilities (Note 7)	20,149,559
Other postemployment benefits obligation (Note 8)	208,560
<b>Total Liabilities</b>	<b>28,752,549</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related deferred inflows of resources	3,471,237
<b>Total Deferred Inflows of Resources</b>	<b>3,471,237</b>
<b>NET POSITION</b>	
Investment in capital assets	192,536,926
Restricted for:	
Community development projects	174,805
Public safety	168,205
Parks and recreation	514,922
Public works	1,090,473
Debt service	105
Library	93,841
Unrestricted (deficit)	(6,745,506)
<b>Total net position</b>	<b>\$ 187,833,771</b>

See accompanying Notes to the Basic Financial Statements.

**City of San Marino**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

<b>Functions/Programs</b>	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Contributions and Grants	Capital Contributions And Grants	
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General government	\$ 2,326,271	\$ 402,267	\$ 370,811	\$ -	\$ 773,078
Public safety	11,597,897	4,354,843	182,956	-	4,537,799
Community development	1,174,123	947,995	115,097	-	1,063,092
Recreation	2,017,404	1,361,590	55,104	-	1,416,694
Parks and public works	4,618,557	152,005	531,611	149,969	833,585
Library	1,836,550	181,340	79,443	-	260,783
Interest on long-term debt	261,276	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 23,832,078</b>	<b>\$ 7,400,040</b>	<b>\$ 1,335,022</b>	<b>\$ 149,969</b>	<b>\$ 8,885,031</b>

**City of San Marino**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2016**

	Net (Expenses) Revenues and Changes in Net Position
<b>Functions/Programs</b>	Governmental Activities
<b>Primary Government:</b>	
<b>Governmental Activities:</b>	
General government	\$ (1,553,193)
Public safety	(7,060,098)
Community development	(111,031)
Recreation	(600,710)
Parks and public works	(3,784,972)
Library	(1,575,767)
Interest on long-term debt	(261,276)
<b>Total Governmental Activities</b>	<b>(14,947,047)</b>
 <b>General Revenues:</b>	
Taxes:	
Property taxes, levied for general purpose	13,498,406
Sales taxes	397,155
Franchise taxes	504,114
Business licenses taxes	452,025
Utility users tax	1,687,842
Total taxes	16,539,542
Motor vehicle in lieu - unrestricted	1,469,628
Use of money and property	299,643
Other	256,129
<b>Total General Revenues</b>	<b>18,564,942</b>
 <b>Changes in Net Position</b>	 <b>3,617,895</b>
 <b>Net Position:</b>	
Beginning of Year, As Originally Reported	184,034,800
Prior Period Adjustments	181,076
Beginning of Year, As Restated	184,215,876
End of Year	<b>\$ 187,833,771</b>

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# FUND FINANCIAL STATEMENTS

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

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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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**General Fund** - The City's primary operating fund that accounts for all financial resources of the general government except those required to be accounted for in another fund.

**City Capital Projects Fund** - This fund is used to track the investment of the City's funds for capital projects that have a cost greater than \$5,000 per unit and a useful life of two or more years.

**Nonmajor Governmental Funds** - To account for the aggregate of all the nonmajor governmental funds.

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**City of San Marino**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	Major Funds			
	General	Capital Projects Fund		Total Governmental Funds
		City Capital Projects	Other Governmental Funds	
<b>ASSETS</b>				
Cash and investments	\$ 21,897,190	\$ -	\$ 1,770,043	\$ 23,667,233
Receivables:				
Accounts	195,161	-	-	195,161
Taxes	1,075,286	-	100,593	1,175,879
Notes and loans	23,826	-	-	23,826
Accrued interest	14,555	-	2,004	16,559
Prepaid items	6,357	-	-	6,357
Due from other governments	-	-	96,455	96,455
Due from other funds	149,627	-	-	149,627
Inventories	34,844	-	-	34,844
Restricted assets:				
Cash and investments with fiscal agents	-	-	105	105
<b>Total assets</b>	<b>\$ 23,396,846</b>	<b>\$ -</b>	<b>\$ 1,969,200</b>	<b>\$ 25,366,046</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 613,237	\$ 254,049	\$ 44,631	\$ 911,917
Accrued liabilities	948,494	-	2,036	950,530
Unearned revenue	-	-	5,000	5,000
Due to other funds	-	-	149,627	149,627
<b>Total Liabilities</b>	<b>1,561,731</b>	<b>254,049</b>	<b>201,294</b>	<b>2,017,074</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	19,612	-	47,697	67,309
<b>Total Deferred Inflows of Resources</b>	<b>19,612</b>	<b>-</b>	<b>47,697</b>	<b>67,309</b>
<b>Fund Balances:</b>				
Nonspendable				
Inventory	34,844	-	-	34,844
Prepaid items	6,357	-	-	6,357
Notes and loans	27,628	-	-	27,628
Restricted				
Community development projects	-	-	174,805	174,805
Public safety	9,159	-	159,046	168,205
Parks and recreation	68,899	-	446,023	514,922
Public works	-	-	1,090,473	1,090,473
Debt service	-	-	105	105
Library	93,841	-	-	93,841
Unassigned (deficit)	21,574,775	(254,049)	(150,243)	21,170,483
<b>Total Fund Balances</b>	<b>21,815,503</b>	<b>(254,049)</b>	<b>1,720,209</b>	<b>23,281,663</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 23,396,846</b>	<b>\$ -</b>	<b>\$ 1,969,200</b>	<b>\$ 25,366,046</b>

**City of San Marino**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2016**

---

Fund balances of governmental funds		\$ 23,281,663
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity (net of \$1,683,021) reported in the Internal Service Fund).		190,853,905
Long-term liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Pension related deferred outflows of resources	\$ 2,158,881	
Compensated absences	(602,970)	
Net pension liabilities	(20,149,559)	
Pension obligation bonds	(4,342,422)	
Interest payable	(19,630)	
Other Postemployment Benefits obligation	(208,560)	
Claims payable	(1,551,068)	
Pension related deferred inflows of resources	(3,471,237)	(28,186,565)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		
		67,309
Internal service funds are used by management to charge the costs of certain activities, such as vehicle replacement to individual funds. The assets and liabilities of the internal service fund are reported in the statement of net position.		
		<u>1,817,459</u>
<b>Net position of governmental activities</b>		<u><u>\$ 187,833,771</u></u>

**City of San Marino**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	Major Funds			
	General	Capital Projects Fund		Total Governmental Funds
		City Capital Projects	Other Governmental Funds	
<b>REVENUES:</b>				
Taxes	\$ 21,130,204	\$ -	\$ 294,255	\$ 21,424,459
Licenses and permits	685,674	-	-	685,674
Intergovernmental	194,536	-	994,608	1,189,144
Charges for services	3,201,186	-	29,160	3,230,346
Use of money and property	293,631	-	6,012	299,643
Fines and forfeitures	194,098	-	21,000	215,098
Contributions	257,642	-	-	257,642
Miscellaneous	258,957	-	-	258,957
<b>Total revenues</b>	<b>26,215,928</b>	<b>-</b>	<b>1,345,035</b>	<b>27,560,963</b>
<b>EXPENDITURES:</b>				
Current:				
General government	2,274,096	-	123,940	2,398,036
Public safety	11,666,859	-	101,366	11,768,225
Community development	1,113,809	-	113,663	1,227,472
Recreation	1,943,080	-	166,134	2,109,214
Parks and public works	3,470,229	331,924	5,060	3,807,213
Library	1,595,360	-	-	1,595,360
Capital outlay	-	2,056,477	208,699	2,265,176
Debt service:				
Principal retirement	-	-	475,000	475,000
Interest and fiscal charges	-	-	260,737	260,737
<b>Total expenditures</b>	<b>22,063,433</b>	<b>2,388,401</b>	<b>1,454,599</b>	<b>25,906,433</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,152,495</b>	<b>(2,388,401)</b>	<b>(109,564)</b>	<b>1,654,530</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	6,000	2,174,853	823,390	3,004,243
Transfers out	(2,980,944)	-	(18,152)	(2,999,096)
<b>Total other financing sources (uses)</b>	<b>(2,974,944)</b>	<b>2,174,853</b>	<b>805,238</b>	<b>5,147</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,177,551</b>	<b>(213,548)</b>	<b>695,674</b>	<b>1,659,677</b>
<b>Fund Balances:</b>				
Beginning of Year, As Originally Reported	20,681,530	(117,798)	975,919	21,539,651
Restatements	(43,578)	77,297	48,616	82,335
Beginning of Year, As Restated	<u>20,637,952</u>	<u>(40,501)</u>	<u>1,024,535</u>	<u>21,621,986</u>
End of Year	<u>\$ 21,815,503</u>	<u>\$ (254,049)</u>	<u>\$ 1,720,209</u>	<u>\$ 23,281,663</u>

**City of San Marino**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2016**

---

Net change in fund balances - total governmental funds:		\$ 1,659,677
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
Capital outlay, net of \$267,199 reported as functional expenditures and \$347,983 reported in the Internal Service Fund	\$ 2,312,169	
Depreciation expense, net of \$389,604 reported in the Internal Service Fund	(1,223,625)	
The net effect of disposal of capital assets	<u>(19,265)</u>	1,069,279
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position</p>		
Pension obligation bonds' principal payments	475,000	
Bond discount amortization	(1,572)	
Changes in claims and judgements payable	<u>102,150</u>	575,578
<p>Accrued interest for long-term debt. This is the net change in accrued interest for the current period.</p>		
		1,033
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		13,916
<p>Governmental funds report all contributions in relation to the annual required contribution ("ARC") for OPEB as expenditures; however, in the statement of activities the annual OPEB cost is reported as an expense.</p>		
		(46,976)
<p>Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		446,681
<p>Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.</p>		
		(108,161)
<p>Internal service funds are used by management to charge the costs of certain activities, such as vehicle replacement, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities.</p>		
		<u>6,868</u>
<b>Changes in net position of governmental activities</b>		<u><u>\$ 3,617,895</u></u>

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# PROPRIETARY FUND FINANCIAL STATEMENTS

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Internal Service Funds account for financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis.

**Capitalized Equipment Internal Service Fund** - To account for equipment purchases and capital assets of the City and the replacement of equipment to other departments of the City.

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**City of San Marino**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

	<u>Governmental            Activities -            Internal            Service Fund</u> <u>Capitalized            Equipment</u>
<b>ASSETS</b>	
<b>Current:</b>	
Cash and investments	\$ 145,331
<b>Total current assets</b>	<u>145,331</u>
<b>Noncurrent:</b>	
Vehicles - net of accumulated depreciation	1,683,021
<b>Total Noncurrent Assets</b>	<u>1,683,021</u>
<b>Total Assets</b>	<u>\$ 1,828,352</u>
<b>LIABILITIES</b>	
<b>Current:</b>	
Accounts payable	10,893
<b>Total current liabilities</b>	<u>10,893</u>
<b>Total liabilities</b>	<u>10,893</u>
<b>NET POSITION</b>	
Unrestricted	1,817,459
<b>Total Net Position</b>	<u>\$ 1,817,459</u>

**City of San Marino**  
**Statement of Revenues, Expenses, and Change in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	<b>Governmental Activities - Internal Service Fund</b>
	<b>Capitalized Equipment</b>
<b>Operating Revenues:</b>	
Interdepartmental Charges	\$ 389,603
<b>Total Operating Revenues</b>	389,603
<b>Operating Expenses:</b>	
Depreciation expense	389,604
Repairs and maintenance	4,421
<b>Total Operating Expenses</b>	394,025
<b>Operating Income (Loss)</b>	(4,422)
<b>Nonoperating Revenues (Expenses):</b>	
Gain (loss) on disposal of capital assets	16,437
<b>Total Nonoperating Revenues (Expenses)</b>	16,437
<b>Transfers:</b>	
Transfers out	(5,147)
<b>Total Transfers</b>	(5,147)
<b>Changes in Net Position</b>	6,868
<b>Net Position:</b>	
Beginning of year, as originally reported	503,242
Restatement	1,307,349
Beginning of year, as restated	1,810,591
End of Year	\$ 1,817,459

**City of San Marino**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	<b>Governmental Activities - Internal Service Fund</b>
	<b>Capitalized Equipment</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from interfund service provided	\$ 389,603
Cash paid to suppliers for goods and services	(8,694)
<b>Net cash provided by operating activities</b>	<b>380,909</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Transfers (out)	(5,147)
<b>Net cash (used in) non-capital financing activities</b>	<b>(5,147)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition of capital assets	(347,984)
Proceeds from sales of capital assets	23,899
<b>Net cash (used in) capital and related financing activities</b>	<b>(324,085)</b>
<b>Net increase in cash and cash equivalents</b>	51,677
<b>Cash and cash equivalents:</b>	
Beginning of year	93,654
End of year	<b>\$ 145,331</b>
<b>Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:</b>	
Operating (loss)	\$ (4,422)
<b>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</b>	
Depreciation	389,604
Increase (decrease) in accounts payable	(4,273)
<b>Total Adjustments</b>	<b>385,331</b>
<b>Net cash provided by operating activities</b>	<b>\$ 380,909</b>

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# **FIDUCIARY FUNDS FINANCIAL STATEMENTS**

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Agency Funds are used to account for assets held by the City in the capacity of agent for individuals. Agency Fund spending is controlled primarily through legal agreements and applicable State and Federal laws.

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**City of San Marino**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and investments	\$ 7,439
Receivables:	
Accounts	36,624
<b>Total Assets</b>	<b>\$ 44,063</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 36,211
Deposits payable	7,852
<b>Total Liabilities</b>	<b>\$ 44,063</b>

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# **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**City of San Marino**  
**Index to Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2016**

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**City of San Marino**  
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**City of San Marino**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies**

The basic financial statements of the City of San Marino, California (the “City”) are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

**A. Financial Reporting Entity**

The City of San Marino was incorporated on April 13, 1913, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. The City operates under a Council-Manager form of government and provides basic local governmental services including public safety (police, fire and emergency operations), maintenance and construction of public improvements, recreation, planning, zoning, library and general administration.

The accompanying financial statements contain information for the total reporting entity, which includes the City of San Marino (the primary government). There is no component unit as defined by accounting principles generally accepted in the United States of America.

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

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

Government - Wide Financial Statements

The City’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities for the City. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

*Government - Wide Financial Statements*

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

*Governmental Fund Financial Statements*

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recognized as soon as they are both "measurable" and "available". Revenues are considered to be available when they are collectible within the current period as soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, and other taxes. Intergovernmental revenues include grants and reimbursable expenditures; the City considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major governmental funds:

***General Fund*** – This is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

***Capital Projects Fund*** – This fund is used to track the investment of the City's funds for capital projects that have a cost greater than \$5,000 per unit and a useful life of two or more years.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

*Proprietary Fund Financial Statements*

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

An internal service fund is the only proprietary fund presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City's internal service fund includes one individual fund – Capitalized Equipment Fund – which provides services directly to other City funds.

***Capitalized Equipment Fund*** – This is used to account for equipment purchases and capital assets of the City and the replacement of equipment to other departments of the City

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

*Fiduciary Fund Financial Statements*

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary fund represents agency funds. Agency funds are accounted for on the full accrual basis of accounting.

Fiduciary fund types are accounted for according to the nature of the fund. The City's Agency funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations.

***C. Deferred Outflows and Deferred Inflows of Resources***

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

***Deferred Outflows of Resources*** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

***Deferred Inflows of Resources*** represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as revenue until that time.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***D. Cash and Investments***

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The statement of cash flows requires presentation of “cash and cash equivalents”. For the purposes of the statement of cash flows, the City considers all proprietary fund pooled cash and investments as “cash and cash equivalents”, as such funds are available to the various funds as needed.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentration of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, this statement defines fair value, establishes a framework for measuring fair value and establishes disclosure about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

***E. Receivables and Payables***

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

All trade and tax receivables are shown net of an allowance for uncollectible.



**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**F. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in the General Fund consist of gasoline and garage items. Inventory costs are recorded as expenditures when used.

The General Fund inventory is accounted for on the consumption method and is equally offset by a reservation of fund balance in the fund-level statements, which indicates that it does not constitute "available spendable resources".

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The fund balances in the governmental fund types have been reserved for amounts equal to the prepaid items in the fund-level statements, since these amounts are not available for appropriation.

**G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, the City has reported general infrastructure assets acquired in the current and prior fiscal years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Asset Type	Useful Lives (Years)
Structures and improvements	7-50
Furniture and equipment	3-20
Infrastructure	10-25

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***H. Pension Plans***

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

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and inflows of resources related to pensions and are to be recognized in further pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

***I. Compensated Absences***

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation time accrued is transferable from one year to the next with the exception that no more than 180 through 624 hours of vacation time may be carried over to the next year, depending on the job classification. An employee accruing the maximum number of hours for vacation time shall be compensated at the employee's regular hourly rate on a monthly basis for the number of vacation hours the employee would have accrued, until the number of accrued hours drops below the number of accruable hours.

Employees are entitled to accrue sick leave, depending on job classification, from 240 up to 288 hours. Upon reaching the maximum accrual allowed, the employee shall cease to accrue sick leave time until such time as the total

***J. Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net position.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***K. Functional Classifications***

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities that have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities that provide management or support services across more than one functional area.
- Public Safety includes those activities that involve the protection of people and property.
- Community Development includes those activities that involve the enhancing of the general quality of life.
- Library includes those activities related to the provision of library services to the community.
- Recreation includes activities for children, adults and senior citizens.
- Parks and Public Works include those activities that involve the maintenance and improvement of City streets, roads and park department development and maintenance.

***L. Property Tax Revenue***

Property tax revenue is recognized on the basis of NCGA Interpretation No. 3, (adopted by GASB) that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy is made July 1 and covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due

February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

***M. Net Position***

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

*Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* – This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted* – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of the net position.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***N. Fund Balances***

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

*Nonspendable* – Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* – Restricted fund balances include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

*Committed* – Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is resolution. The City reports no committed balance as of June 30, 2016.

*Assigned* – Assigned fund balances include amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The Finance Director is authorized to assign amounts to a specific purpose, which was established by the governing body in resolution. The City reports no assigned balance as of June 30, 2016.

*Unassigned* – Unassigned fund balance is a residual (surplus) classification used for the General Fund only and includes amounts not contained in the other classifications. Unassigned amounts in the General Fund are technically available for any purpose. If a governmental fund, other than the General Fund, has a fund balance deficit, it will be reported as a negative amount in the unassigned classification in that fund.

***O. Fund Balance Flow Assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***P. Spending Policy***

*Government-Wide Financial Statements and the Proprietary Fund Financial Statements*

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

*Governmental Fund Financial Statements*

When expenditures are incurred for purposes for which all restricted, committed, assigned, and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

- Restricted
- Committed
- Assigned
- Unassigned

***Q. Use of Estimates***

The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

***R. Change in Accounting Principles***

*GASB Statement No. 72, Fair Value Measurement and Application* - This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement became effective for periods beginning after June 15, 2015 and did not have any measurement impact on the City's investment portfolio, except for the additional disclosure regarding measurement input as discussed in Note 3 of the City's financial statements for the year ended June 30, 2016.

*GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* - This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes. This Statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the City's financial statements for the year ended June 30, 2016.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**R. Change in Accounting Principles (Continued)**

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - This Statement establishes standards relating to the hierarchy of generally accepted accounting principles. The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement became effective for periods beginning after June 15, 2015, is applied retroactively, and did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* - This Statement establishes standards relating to accounting and financial reporting for certain external investment pools and pool participants. This Statement became effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. This Statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

**Note 2 – Stewardship, Compliance and Accountability**

**A. Unrestricted Net Position Deficit**

At June 30, 2016, the governmental activities had an unrestricted net position deficit of \$6,745,506. It is mainly due to the required GASB 68 reporting of the Net Pension Liability in the amount of \$20,149,559 and is discussed in Note 7 to the basic financial statements. This deficit will be eliminated from future revenues.

**B. Deficit Fund Balance**

The following funds had a deficit fund balance at June 30, 2016:

<b>Major funds:</b>	
City Capital Projects	\$ (254,049)
<b>Nonmajor governmental funds:</b>	
County Park Bond Special Revenue Fund	(47,821)
Prop 40 2002 Park Bond Per Capita Special Revenue Fund	(100,000)
County P&R Grant Special Revenue Fund	(2,422)

These deficits are primarily the result of unavailable grant revenue at June 30, 2016 and will be eliminated upon receipt of the grant reimbursements in the following fiscal year.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 2 – Stewardship, Compliance and Accountability (Continued)**

**C. Expenditures in Excess of Appropriations**

The following funds had expenditures in excess of appropriations:

Fund	Appropriations	Expenditures	Excess of Expenditures Over Appropriations
<b>General Fund:</b>			
Public safety	\$ 11,513,054	\$ 11,666,859	\$ (153,805)
Community development	1,088,604	1,113,809	(25,205)
<b>Nonmajor Governmental Funds:</b>			
Community Development Special Revenue Fund:			
Recreation	5,773	6,309	(536)
TDA Article 3 Special Revenue Fund			
Recreation	-	3,314	(3,314)
Drought Education Special Revenue Fund			
General government	3,000	3,102	(102)
Proposition 40 2002 Park Bond Per Capita Special Revenue Fund			
Capital outlay	-	100,000	(100,000)

The excess expenditures were covered by carryover funds from the prior year, sufficient revenues, and/or transfers from other available funds.

**Note 3 – Cash and Investments**

As of June 30, 2016, cash and investments were reported in the accompanying financial statements as follows:

	Governmental Activities	Agency Funds	Total
Cash and investments	\$ 23,812,564	\$ 7,439	\$ 23,820,003
Restricted cash	105	-	105
<b>Total cash and investments</b>	<b>\$ 23,812,669</b>	<b>\$ 7,439</b>	<b>\$ 23,820,108</b>

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 3 – Cash and Investments (Continued)**

Cash and investments are reported at fair value based on quoted market prices. The following table presents the fair value measurements of investments recognized in the accompany statements of net position/balance sheet measured at fair value on recurring basis and the level within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2016:

	Amounts	Fair Value Measurement Input			N/A
		Level 1	Level 2	Level 3	
<b>Cash and cash equivalents:</b>					
Cash on hand	\$ 2,350	\$ -	\$ -	\$ -	\$ 2,350
Demand deposits	308,796	-	-	-	308,796
<b>Total cash and cash equivalents</b>	<b>311,146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311,146</b>
<b>Investments:</b>					
Certificate of deposit	7,205,062	-	7,205,062	-	-
Local Agency Investment Fund (LAIF)	13,547,240	-	13,547,240	-	-
Federal Home Loan Bank	1,253,907	-	1,253,907	-	-
Federal Home Loan Mortgage Corp	500,241	-	500,241	-	-
Federal National Mortgage Association	1,002,512	-	1,002,512	-	-
<b>Total investments</b>	<b>23,508,962</b>	<b>-</b>	<b>23,508,962</b>	<b>-</b>	<b>-</b>
<b>Total cash and investments</b>	<b>\$ 23,820,108</b>	<b>\$ -</b>	<b>\$ 23,508,962</b>	<b>\$ -</b>	<b>\$ 311,146</b>

**A. Demand Deposits**

The carrying amount of the City's cash deposits were \$308,796 at June 30, 2016. Bank balances before reconciling items were \$275,880 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

**B. Investments**

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

- United States Treasury Bills, Bonds and Notes
- State of California Local Agency Investment Fund (LAIF)
- Money Market Funds
- Certificates of Deposit placed through a private placement service in compliance with California Government Code Sections 53601.8 and 53635.8



**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 3 – Cash and Investments (Continued)**

**C. Investments Authorized by Debt Agreements**

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

**D. 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. The City investments in LAIF at June 30, 2016 included a portion of pool funds invested in Structured Notes and Asset-Backed Securities.

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2016, the City had \$13,547,240 invested in LAIF, which had invested 2.81% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2016, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The fair value of the City's position in the pool is the same as the value of the pool shares. The credit quality rating of LAIF is unrated as of June 30, 2016.

**E. Risk Disclosures**

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.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 3 – Cash and Investments (Continued)**

**E. Risk Disclosures (Continued)**

Interest Rate Risk (Continued)

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:

Investment Type	Remaining Maturity (In Months)				Total
	12 Months or Less	13-24 Months	25-60 Months	Over 60 Months	
California Local Agency Investment Fund	\$ 13,547,240	\$ -	\$ -	\$ -	\$ 13,547,240
Certificates of Deposit	992,000	1,241,000	4,723,062	249,000	7,205,062
Federal Home Loan Bank	-	-	1,253,907	-	1,253,907
Federal Home Loan Mortgage Corp	-	-	500,241	-	500,241
Federal National Mortgage Association	-	501,426	501,086	-	1,002,512
<b>Total</b>	<b>\$ 14,539,240</b>	<b>\$ 1,742,426</b>	<b>\$ 6,978,296</b>	<b>\$ 249,000</b>	<b>\$ 23,508,962</b>

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 or the City’s investment policy, and the actual rating as of the fiscal year end for each investment type:

Investment Type	Total as of June 30, 2016	Minimum		
		Legal Rating	Not Rated	AA+/AAA
California Local Agency Investment Fund	\$ 7,205,062	N/A	\$ 7,205,062	\$ -
Certificates of Deposit	13,547,240	N/A	13,547,240	\$ -
Federal Home Loan Bank	1,253,907	N/A	-	\$ 1,253,907
Federal Home Loan Mortgage Corp	500,241	N/A	-	\$ 500,241
Federal National Mortgage Association	1,002,512	N/A	-	\$ 1,002,512
<b>Total</b>	<b>\$ 23,508,962</b>		<b>\$ 20,752,302</b>	<b>\$ 2,756,660</b>

N/A - Not Applicable

Concentration of Credit Risk

The investment policy of the City contains a limitation on the amount that can be invested in any one issuer of Federal Agency securities to a maximum of 25% of total investments. The City was in compliance with this limitation at June 30, 2016, and throughout the fiscal year. There are no investments in any one issuer that represent 5% or more of total City investment at June 30, 2016.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 3 – Cash and Investments (Continued)**

**E. Risk Disclosures (Continued)**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than as follows. 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 City. 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 City deposits. The City's investment policy requires delivery versus payment procedures and that all securities be held in third-party safekeeping by a custodial financial institution.

As of June 30, 2016, all of the City's deposits with financial institutions in excess of Federal depository insurance limits were collateralized by an interest in an undivided collateral pool as required by State law. In addition, all investments were held by the third-party safekeeping institution.

**Note 4 – Capital Assets**

The following is a summary of changes in the capital assets for governmental activities during the fiscal year:

	Balance July 1, 2015	Additions	Deletions	Reclassification	Balance June 30, 2016
<b>Capital assets, not being depreciated:</b>					
Land	\$ 149,584,512	\$ -	\$ -	\$ -	\$ 149,584,512
Construction in progress	2,488,247	2,225,852	(19,265)	(1,426,266)	3,268,568
<b>Total capital assets, not being depreciated</b>	<b>152,072,759</b>	<b>2,225,852</b>	<b>(19,265)</b>	<b>(1,426,266)</b>	<b>152,853,080</b>
<b>Capital assets, being depreciated:</b>					
Structures and improvements	18,202,397	86,317	-	205,292	18,494,006
Furniture and equipment	4,759,360	347,984	(227,228)	-	4,880,116
Infrastructure	65,228,252	-	-	1,220,974	66,449,226
<b>Total capital assets, being depreciated</b>	<b>88,190,009</b>	<b>434,301</b>	<b>(227,228)</b>	<b>1,426,266</b>	<b>89,823,348</b>
<b>Less accumulated depreciation for:</b>					
Structures and improvements	(3,218,669)	(355,886)	-	-	(3,574,555)
Furniture and equipment	(3,027,257)	(389,604)	219,766	-	(3,197,095)
Infrastructure	(42,500,113)	(867,739)	-	-	(43,367,852)
<b>Total accumulated depreciation</b>	<b>(48,746,039)</b>	<b>(1,613,229)</b>	<b>219,766</b>	<b>-</b>	<b>(50,139,502)</b>
<b>Total capital assets, being depreciated, net</b>	<b>39,443,970</b>	<b>(1,178,928)</b>	<b>(7,462)</b>	<b>1,426,266</b>	<b>39,683,846</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 191,516,729</b>	<b>\$ 1,046,924</b>	<b>\$ (26,727)</b>	<b>\$ -</b>	<b>\$ 192,536,926</b>

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 4 – Capital Assets (Continued)**

Depreciation expense was charged to the City’s programs as follows:

<b>Governmental Activities:</b>	
General government	\$ 48,260
Public safety	17,293
Parks and public works	867,739
Library	290,333
Internal Service Fund	389,604
<b>Total depreciation expense - governmental activities</b>	<u><u>\$ 1,613,229</u></u>

**Note 5 – Interfund Activity**

**A. Due From and To Other Funds**

The composition of interfund balances as of June 30, 2016, is as follows:

<b>Due From Other Funds</b>	<b>Due To Other Funds</b>	
	<b>Governmental Fund</b>	
	Nonmajor Governmental Funds	Total
<b>Governmental Funds:</b>		
General Fund	\$ 149,627	\$ 149,627
<b>Total</b>	<u><u>\$ 149,627</u></u>	<u><u>\$ 149,627</u></u>

The above amounts resulted from temporary reclassifications made at June 30, 2016 to cover cash shortfall.

**B. Transfers In and Out**

For the year ended June 30, 2016, the City had the following transfers in and out, which arise in the normal course of operations:

<b>Transfers Out</b>	<b>Transfers In</b>			
	<b>Governmental Funds</b>			
	General Fund	City Capital Projects	Nonmajor Governmental Funds	Total
<b>Governmental Funds:</b>				
General Fund	\$ -	\$ 2,174,853	\$ 806,091	\$ 2,980,944
Nonmajor Governmental Funds	6,000	-	12,152	18,152
<b>Proprietary Funds:</b>				
Internal Service Funds	-	-	5,147	5,147
<b>Total</b>	<u><u>\$ 6,000</u></u>	<u><u>\$ 2,174,853</u></u>	<u><u>\$ 823,390</u></u>	<u><u>\$ 3,004,243</u></u>

Administratively, resources may be transferred from one City fund to another. The purpose of the majority of transfers was for reimbursing a fund that made expenditure on behalf of another fund, such as debt service, capital projects and internal service funds.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 6 – Long-Term Liabilities**

Summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due within One Year	Due in More Than One Year
<b>Governmental Activities:</b>						
Pension obligation bonds	\$ 4,830,000	\$ -	\$ (475,000)	\$ 4,355,000	\$ 525,000	\$ 3,830,000
Compensated absences	616,886	1,208,398	(1,222,314)	602,970	252,321	350,649
Accrued claims and judgments	1,653,218	544,737	(646,887)	1,551,068	620,427	930,641
<b>Subtotal</b>	<b>\$ 7,100,104</b>	<b>\$ 1,753,135</b>	<b>\$ (2,344,201)</b>	<b>\$ 6,509,038</b>	<b>\$ 1,397,748</b>	<b>\$ 5,111,290</b>
Less: bond discount						
Pension obligation bonds	(14,150)		1,572	(12,578)	-	(12,578)
<b>Total</b>	<b>\$ 7,085,954</b>	<b>\$ 1,753,135</b>	<b>\$ (2,342,629)</b>	<b>\$ 6,496,460</b>	<b>\$ 1,397,748</b>	<b>\$ 5,098,712</b>

*Taxable Pension Obligation Bonds, 2007 Series A-1*

On April 1, 2007, the City issued \$7,095,000 in Taxable Pension Obligation Bonds, 2007 Series A-1, for the purpose of funding its unfunded accrued actuarial liability of the California Public Employee's Retirement System. The bonds mature annually each June 1, commencing June 1, 2008 through June 1, 2024, in amounts ranging from \$130,000 to \$545,000. The bonds bear interest at 5.210% and are subject to optional redemption prior to their maturity at the option of the City, in whole or in part on any date, at a redemption price equal to the greater of: (1) 100% of the principal amount of the Redeemable Term Bonds to be redeemed; or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Redeemable Term Bonds to be redeemed discounted to the date of redemption on a semiannual basis. As of June 30, 2016, the outstanding balance was \$4,355,000.

The annual debt service requirements outstanding at June 30, 2016 were as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 525,000	\$ 235,562	\$ 760,562
2018	580,000	207,370	787,370
2019	645,000	176,224	821,224
2020	705,000	141,587	846,587
2021	410,000	103,729	513,729
2022-2024	1,490,000	168,634	1,658,634
<b>Total</b>	<b>\$ 4,355,000</b>	<b>\$ 1,033,106</b>	<b>\$ 5,388,106</b>

*Other Liabilities*

Compensated absences and accrued claims and judgments are normally liquidated by the General Fund. There is no fixed payment schedule. At June 30, 2016, the outstanding balances of compensated absences and claims and judgments were \$602,970 and \$1,551,068, respectively.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 6 – Long-Term Liabilities (Continued)**

*Other Liabilities (Continued)*

The following is a summary of the changes in the claims and judgments liability over the past two years:

	<u>2016</u>	<u>2015</u>
Beginning balance	\$ 1,653,218	\$ 1,375,708
Expenses and changes in estimates	544,737.00	896,933.00
Claims payments	<u>(646,887.00)</u>	<u>(619,423.00)</u>
Ending balance	<u>\$ 1,551,068</u>	<u>\$ 1,653,218</u>

**Note 7 – City Employees’ Retirement Plan – Pension Plans**

**A. Public Employees Retirement System (“PERS”)**

The following is the summary of net pension liabilities and related deferred outflows and inflows of resources as of June 30, 2016:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
<b>Deferred outflows of resources:</b>			
Pension contribution made after measurement date	\$ 552,286	\$ 1,433,464	\$ 1,985,750
Differences between expected and actual experience	29,107	-	29,107
Adjustment due to differences in proportions	-	144,024	144,024
<b>Total deferred outflows of resources</b>	<u>\$ 581,393</u>	<u>\$ 1,577,488</u>	<u>\$ 2,158,881</u>
<b>Net pension liabilities:</b>			
Net pension liabilities	<u>\$ 4,582,203</u>	<u>\$ 15,567,356</u>	<u>\$ 20,149,559</u>
<b>Total net pension liabilities</b>	<u>\$ 4,582,203</u>	<u>\$ 15,567,356</u>	<u>\$ 20,149,559</u>
<b>Deferred inflows of resources:</b>			
Changes of assumptions	\$ 275,380	\$ 806,960	\$ 1,082,340
Differences between expected and actual experience	-	175,450	175,450
Difference in projected and actual earnings on pension investments	138,052	408,973	547,025
Adjustment due to differences in proportions	726,891	-	726,891
Employer contributions in excess/(under) proportionate contributions	333,230	606,301	939,531
<b>Total deferred inflows of resources</b>	<u>\$ 1,473,553</u>	<u>\$ 1,997,684</u>	<u>\$ 3,471,237</u>

**General Information about the Pension Plan**

*Plan Description*

The City contributes to CalPERS, a cost-sharing multiple-employer defined pension plan, for its’ miscellaneous employees. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, 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. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS’ annual financial report may be obtained from its executive office at 400 “P” Street, Sacramento, California 95814.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 7 – City Employees’ Retirement Plan – Pension Plans (Continued)**

**A. Public Employees Retirement System (“PERS”) (Continued)**

**General Information about the Pension Plan (Continued)**

Employees Covered by Benefit Terms

At June 30, 2014, the following employees were covered by the benefit terms:

	Miscellaneous			Safety-Fire			Safety - Police		
	Classic Tier 1	Classic Tier 2	PEPRA	Classic Tier 1	Classic Tier 2	PEPRA	Classic Tier 1	Classic Tier 2	PEPRA
Active employees	63	4	4	13	6	2	23	4	0
Transferred and terminated employees	119	0	0	20	2	0	50	0	0
Retired employees and beneficiaries	61	0	0	54	1	0	56	0	0
Total	243	4	4	87	9	2	129	4	0

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A first tier classic safety CalPERS member becomes eligible for service retirement upon attainment of age 50 with at least five years of credited service. A first tier miscellaneous classic CalPERS member, a safety fire or police classic tier 2 become eligible for service retirement upon attainment of age 55 with at least five years of credited service. A second tier classic CalPERS member becomes eligible for service retirement upon attainment of age 60 with at least five years of credited service. A PEPRA miscellaneous member becomes eligible for service retirement upon attainment of age 62 with at least five years of service. A PEPRA safety member becomes eligible for service retirement upon attainment of age 57 with at least five years of credited service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member’s highest 12 - 36 months of full-time equivalent monthly pay.

The following are the benefit provisions for each plan:

- Miscellaneous Classic Tier 1: 2.0% (at age 55) of the average final 12 months compensation.
- Miscellaneous Classic Tier 2: 2.0% (at age 60) of the average final 36 months compensation.
- Miscellaneous PEPRA: 2.0% (at age 62) of the average final 36 months compensation.
- Safety Fire Classic Tier 1: 3.0% (at age 50) of the average final 12 months compensation.
- Safety Fire Classic Tier 2: 3.0% (at age 55) of the average final 12 months compensation.
- PEPRA: 2.0% (at age 57) of the average final 36 months compensation.
- Safety Police Classic Tier 1: 3.0% (at age 50) of the average final 12 months compensation.
- Safety Police Classic Tier 2: 2.0% (at age 55) of the average final 36 months compensation.
- Safety PEPRA: 2.0% (at age 57) of the average final 36 months compensation.

Participants are eligible for non-industrial disability retirement if they become disabled and have at least five years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 7 – City Employees’ Retirement Plan – Pension Plans (Continued)**

**A. Public Employees Retirement System (“PERS”) (Continued)**

**General Information about the Pension Plan (Continued)**

Benefits Provided (Continued)

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree’s designated survivor(s) or to the retiree’s estate.

Benefit terms provide for annual cost-of-living adjustments to each employee’s retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2.0 percent.

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following the notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015, the contribution rates were as follows:

<b>Plans</b>		<b>Active Employee Contribution Rate</b>	<b>Employer Contribution Rate</b>
Miscellaneous	Classic Tier 1	7.000%	12.330%
Miscellaneous	Classic Tier 2	7.000%	8.715%
Miscellaneous	PEPRA	6.500%	6.700%
Safety Fire	Classic Tier 1	9.000%	29.556%
Safety Fire	Classic Tier 2	9.000%	23.948%
Safety Fire	PEPRA	10.250%	10.050%
Safety Police	Classic Tier 1	9.000%	29.556%
Safety Police	Classic Tier 2	7.000%	16.596%
Safety Police	PEPRA	10.250%	10.050%



**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 7 – City Employees’ Retirement Plan – Pension Plans (Continued)**

**A. Public Employees Retirement System (“PERS”) (Continued)**

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

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

For the measurement period ended June 30, 2015, the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Long-Term Investment Return	7.65% net of investment expenses, adjust for inflation.
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

<sup>1</sup>The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to 2014 experience study report.

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

*Change of Assumption*

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of the June, 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 7 – City Employees’ Retirement Plan – Pension Plans (Continued)**

**A. Public Employees Retirement System (“PERS”) (Continued)**

**Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)**

*Discount Rate (Continued)*

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

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

The table in the following page reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	<u>100.00%</u>		

<sup>1</sup> An expected inflation of 2.5% used

<sup>2</sup> An expected inflation of 3.0% used

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 7 – City Employees’ Retirement Plan – Pension Plans (Continued)**

**A. Public Employees Retirement System (“PERS”) (Continued)**

**Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)**

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

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

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous Plans	\$ 7,684,674	\$ 4,582,203	\$ 2,020,753
Safety Plans	24,959,818	15,567,356	7,865,710
Total	\$ 32,644,492	\$ 20,149,559	\$ 9,886,463

*Pension Plan Fiduciary Net Position*

Detailed information about the plan’s fiduciary net position is available in the separately issued CalPERS’ financial report and can be obtained from CalPERS’ website under Forms and Publications.

*Proportionate Share of Net Pension Liability and Pension Expense*

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period:

	Miscellaneous Plans		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Increase (Decrease) Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2014 (Valuation Date)	\$ 26,138,054	\$ 21,387,501	\$ 4,750,553
Balance at June 30, 2015 (Measurement Date)	27,427,813	22,845,610	4,582,203
Net changes from July 1, 2014 to June 30, 2015	\$ 1,289,759	\$ 1,458,109	\$ (168,350)

  

	Safety Plans		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Increase (Decrease) Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2014 (Valuation Date)	\$ 71,079,429	\$ 57,871,907	\$ 13,207,522
Balance at June 30, 2015 (Measurement Date)	71,872,484	56,305,128	15,567,356
Net changes from July 1, 2014 to June 30, 2015	\$ 793,055	\$ (1,566,779)	\$ 2,359,834

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 7 – City Employees’ Retirement Plan – Pension Plans (Continued)**

**A. Public Employees Retirement System (“PERS”) (Continued)**

**Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)**

*Proportionate Share of Net Pension Liability and Pension Expense (Continued)*

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool:

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2014). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2015). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2014-15).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocate based on the City’s share of contribution.

The City’s proportionate share of the net pension liability was as follows:

	Miscellaneous Plans	Safety Plans
June 30, 2014	0.07635%	0.21226%
June 30, 2015	0.06676%	0.22680%
Change - Increase (Decrease)	-0.00959%	0.01454%

For the year ended June 30, 2016, the City recognized pension expense in the amount of \$184,796 and \$7,954,759 for Miscellaneous plans and safety plans, respectively.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 7 – City Employees’ Retirement Plan – Pension Plans (Continued)**

**A. Public Employees Retirement System (“PERS”) (Continued)**

**Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)**

*Proportionate Share of Net Pension Liability and Pension Expense (Continued)*

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the June 30, 2015 measurement period is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (the total number of participants: active, inactive, and retired).

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Miscellaneous Plans</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contribution made after the measurement date	\$ 552,286	\$ -
Difference between expected and actual experience	29,107	-
Changes of assumptions	-	(275,380)
Net difference between projected and actual earnings on pension plan investments	-	(138,052)
Adjustment due to differences in proportions	-	(726,891)
Employer contributions in excess/(under) proportionated contributions	-	(333,230)
Total	\$ 581,393	\$ (1,473,553)
<b>Safety Plans</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contribution made after the measurement date	\$ 1,433,464	\$ -
Difference between expected and actual experience	-	(175,450)
Changes of assumptions	-	(806,960)
Net difference between projected and actual earnings on pension plan investments	-	(408,973)
Adjustment due to differences in proportions	144,024	-
Employer contributions in excess/(under) proportionated contributions	-	(606,301)
Total	\$ 1,577,488	\$ (1,997,684)

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 7 – City Employees’ Retirement Plan – Pension Plans (Continued)**

**A. Public Employees Retirement System (“PERS”) (Continued)**

**Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)**

*Proportionate Share of Net Pension Liability and Pension Expense (Continued)*

Deferred outflows of resources related to pensions resulting from the City’s contributions made subsequent to the measurement date in the amount of \$552,286 and \$1,433,464 for miscellaneous plans and safety plans, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources	
	Miscellaneous Plans	Safety Plans
2017	\$ (582,283)	\$ (845,576)
2018	(576,192)	(831,485)
2019	(462,435)	(677,638)
2020	176,464	503,039
2021	-	-
Thereafter	-	-
	\$ (1,444,446)	\$ (1,851,660)

**B. Public Agency Retirement System (“PARS”)**

The City contributes to the California Public Agency Retirement System (“PARS”), an agent-multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California.

PARS is a defined contribution retirement plan in which the City and the participant each contribute 3.75% of the participant’s before tax compensation. All City employees who are not participating in PERS are required to participate in PARS. Employees are 100% vested in employees and the City contributions upon enrollment.

For the year ended June 30, 2016, the City and employee’s contributions to PARS were \$25,152 (7.5% of covered payroll). Total covered payroll was \$335,360.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 8 – Postemployment Benefits**

Plan Descriptions

The City has established the City of San Marino Retiree Health Insurance Program, a single-employer defined benefit retiree health insurance plan. The plan, which is administered by the City, provides medical insurance benefits to eligible retirees. The plan provides lifetime benefits ranging from \$175 to \$275 per month towards the health insurance premiums of all employees who retire from employment with the City and who elect to buy insurance through CALPERS. All employees are vested after five years of employment and must reach the age of 50 and qualify for CALPERS retirement in order to receive these benefits. The plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreement between the City and the bargaining units. The plan does not issue a separate report. All transactions are included within the financial statements of the City of San Marino.

City's Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2016, the City contributed \$156,256 to the plan in the form of current premiums. Plan members receiving benefits contribute the difference between the City contribution of \$175 to \$275 per month and the plan members' chosen CALPERS medical plan. The funding policy is determined by the City Council.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual Required Contribution (ARC)	\$	205,856
Interest Adjustment on Net OPEB Obligation		5,840
Amortization Adjustment to ARC		<u>(8,464)</u>
Annual OPEB Cost		203,232
Contributions Made		<u>(156,256)</u>
Increase in Net OPEB Obligation		46,976
Net OPEB Obligation:		
Beginning of Year		<u>161,584</u>
End of Year	\$	<u><u>208,560</u></u>

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 8 – Postemployment Benefits (Continued)**

Annual OPEB Cost and Net OPEB Obligation (Continued)

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution	Percentage of APC Contributed	Net OPEB (Assets) Obligation
6/30/2014	\$ 179,949	\$ 188,276	104.63%	\$ 123,334
6/30/2015	204,210	165,960	81.27%	161,584
6/30/2016	203,232	156,256	76.89%	208,560

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the Actuarial Accrued Liability for benefits was \$2,549,885, and the actuarial value of assets was \$0, resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$(2,549,885). The covered payroll (annual payroll of active employees covered by the Plan) was \$8,834,299, and the ratio of UAAL to the cover payroll was 28.86 percent.

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 trends. 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.

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 the employer and plan members to that point. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. 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 value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer’s own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after three years, and a payroll increase rate of 3%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016, was twenty-three years. The number of active plan participants is 113.



**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 9 – Risk Management**

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

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

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years

**2012-2013 and prior.** Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-2013 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-2014 and forward are not subject to routine annual retrospective adjustment.

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

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 from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2015-2016, the Authority’s pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority’s reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million in excess of \$2 million layer, (b) 50% quota share of the \$3 million in excess of \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer.

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

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 9 – Risk Management (Continued)**

**C. Purchased Insurance**

Pollution Legal Liability Insurance

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

Property Insurance

The City of San Marino participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of San Marino property is currently insured according to a schedule of covered property submitted by the City of San Marino to the Authority. City of San Marino property currently has all-risk property insurance protection in the amount of \$36,844,729. 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.

Crime Insurance

The City of San Marino purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

**D. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2015-2016.

The Authority has published its own financial report for the year ended June 30, 2016, which can be obtained from California Joint Powers Insurance Authority, La Palma, California.

**Note 10 – Fund Balance and Net Position Restatements**

The City restated its Governmental Funds' beginning fund balances in the amount of \$82,335 from \$21,539,651 to \$21,621,986 due to correction of revenues recognized in the incorrect period.

The City restated its Capitalized Equipment Internal Service Fund Net Position in the amount of \$1,307,349 from \$503,242 to \$1,810,591 to correct capital assets reported in the fund.

The City restated its Government-Wide statement net position in the amount of \$181,076, of which \$82,335 was due to fund statement restatement, and \$98,741 was due to correction of unavailable revenue from prior year.

**City of San Marino**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 11 - Commitments and Contingencies**

**A. *Lawsuits***

Numerous claims and suits have been filed against the City in the normal course of business. Based upon information received from the City Attorney and the self-insurance administrator, the estimated liability under such claims would be adequately covered by self-insurance designations and insurance coverage.

**B. *Grants***

The City participates in a number of federal and state assisted programs, which are subject to program compliance audits by the grantors or their representatives. Final closeout audits of these programs have not yet been completed. Accordingly, the City's ultimate compliance with applicable grant requirements will be established at some future date. Expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

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**REQUIRED SUPPLEMENTARY  
INFORMATION (UNAUDITED)**

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**City of San Marino**  
**Required Supplementary Information (Unaudited)**  
**For the Year Ended June 30, 2016**

**Budgetary Comparison Schedule – General Fund**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 20,596,534	\$ 20,596,534	\$ 21,130,204	\$ 533,670
Licenses and permits	537,500	537,500	685,674	148,174
Intergovernmental	78,638	78,638	194,536	115,898
Charges for services	3,403,682	3,403,682	3,201,186	(202,496)
Use of money and property	227,800	227,800	293,631	65,831
Fines and forfeitures	291,100	291,100	194,098	(97,002)
Contributions	192,000	309,940	257,642	(52,298)
Miscellaneous	132,100	132,100	258,957	126,857
<b>Total revenues</b>	<u>25,459,354</u>	<u>25,577,294</u>	<u>26,215,928</u>	<u>638,634</u>
<b>EXPENDITURES:</b>				
Current:				
General government	2,310,713	2,328,397	2,274,096	54,301
Public safety	11,513,054	11,513,054	11,666,859	(153,805)
Community development	1,088,604	1,088,604	1,113,809	(25,205)
Recreation	2,044,675	2,044,675	1,943,080	101,595
Parks and Public works	3,525,309	3,817,972	3,470,229	347,743
Library	1,608,162	1,608,162	1,595,360	12,802
<b>Total expenditures</b>	<u>22,090,517</u>	<u>22,400,864</u>	<u>22,063,433</u>	<u>337,431</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,368,837</u>	<u>3,176,430</u>	<u>4,152,495</u>	<u>976,065</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	6,000	6,000
Transfers out	(10,993,936)	(10,993,936)	(2,980,944)	8,012,992
<b>Total other financing sources (uses)</b>	<u>(10,993,936)</u>	<u>(10,993,936)</u>	<u>(2,974,944)</u>	<u>8,018,992</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (7,625,099)</u>	<u>\$ (7,817,506)</u>	1,177,551	<u>\$ 8,995,057</u>
<b>FUND BALANCE:</b>				
Beginning of Year, As Restated			<u>20,637,952</u>	
End of Year			<u>\$ 21,815,503</u>	

See Notes to Required Supplementary Information.

**City of San Marino**  
**Required Supplementary Information (Unaudited) (Continued)**  
**For the Year Ended June 30, 2016**

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**Budgetary Information**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The annual budget is adopted by the City Council and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" covers substantially all City expenditures. Actual expenditures may not exceed budgeted appropriations at the fund level. The City Manager is authorized to transfer budgeted amounts between the accounts of any department. Budgets are controlled at the function level.
3. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Fund Types during the year. However, at year-end all appropriations lapse. Accordingly, encumbrances are canceled and generally re-appropriated as part of the following year's budget. Encumbrances are not included in reported expenditures.
4. Budgets for the general, special revenue and capital project funds are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. The debt service fund is monitored through the use of the bond indenture; therefore no formal budget has been adopted for this fund and accordingly a budgetary comparison is not presented for these funds. In addition, for the fiscal year ended June 30, 2016, there were no formal budget being adopted for the following funds:
  - a. Assistant to Firefighters Grant Special Revenue Fund
  - b. STPL Special Revenue Fund
  - c. Prop 1B Street Special Revenue Fund
  - d. Windstorm Tree Grant Special Revenue Fund
  - e. Homeland Security Grant Special Revenue Fund
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2016, based on calculations by City management, proceeds of taxes did not exceed appropriations.



**City of San Marino**  
**Required Supplementary Information (Unaudited) (Continued)**  
**For the Year Ended June 30, 2016**

**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plans**

	June 30, 2014 <sup>1</sup>	June 30, 2015
City's Proportion of the Net Pension Liability/(Asset)	0.07635%	0.06676%
City's Proportionate share of the Net Pension Liability/(Asset)	\$ 4,750,553	\$ 4,582,203
City's Covered-Employee Payroll	\$ 3,858,674	\$ 3,862,174
City's Proportionate share of the Net Pension Liability/(Asset) as a percentage of Covered-Employee Payroll	123.11%	118.64%
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	81.83%	83.29%

**California Public Employees' Retirement System ("CalPERS") - Safety Plans**

	June 30, 2014 <sup>1</sup>	June 30, 2015
City's Proportion of the Net Pension Liability/(Asset)	0.21226%	0.22680%
City's Proportionate share of the Net Pension Liability/(Asset)	\$ 13,207,522	\$ 15,567,356
City's Covered-Employee Payroll	\$ 4,674,850	\$ 4,873,353
City's Proportionate share of the Net Pension Liability/(Asset) as a percentage of Covered-Employee Payroll	282.52%	319.44%
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	81.42%	79.36%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

**Notes to Schedules:**

**Change in Benefit Terms:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes of Assumptions:** The discount rate was changed from 7.5% (net of administrative expense) to 7.65%.

**City of San Marino**  
**Required Supplementary Information (Unaudited) (Continued)**  
**For the Year Ended June 30, 2016**

**Schedule of Contributions**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plans**

	2013-14 <sup>1</sup>	2014-15	2015-16
Actuarially determined contribution:			
Miscellaneous Tier 1 Plan	\$ 404,963	\$ 414,615	\$ 492,820
Miscellaneous Tier 2 Plan	22,840	27,207	34,752
Miscellaneous PEPRA	7,237	21,220	24,714
Contribution in relation to the actuarially determined contribution	435,040	463,042	552,286
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered-Employee payroll <sup>2</sup>	\$ 3,858,674	\$ 3,862,174	\$ 3,796,330
Contributions as a Percentage of Covered-Employee Payroll	11.27%	11.99%	11.03%

**California Public Employees' Retirement System ("CalPERS") - Safety Plans**

	2013-14 <sup>1</sup>	2014-15	2015-16
Actuarially determined contribution:			
Safety Fire Tier 1 Plan	\$ 562,603	\$ 446,024	\$ 569,539
Safety Fire Tier 2 Plan	145,483	173,277	103,628
Safety Fire PEPRA	-	-	30,021
Safety Police Tier 1 Plan	604,631	654,061	682,302
Safety Police Tier 2 Plan	42,524	66,463	29,604
Safety Police PEPRA	-	-	18,370
Contribution in relation to the actuarially determined contribution	1,355,241	1,339,825	1,433,464
Contribution Deficiency (Excess)	\$ (42,524)	\$ -	\$ -
Covered-Employee payroll <sup>2</sup>	\$ 4,674,850	\$ 4,873,353	\$ 4,765,647
Contributions as a Percentage of Covered-Employee Payroll	28.99%	27.49%	29.69%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

**Notes to Schedule**

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5% (net of administrative expense) to 7.65%.

**City of San Marino**  
**Required Supplementary Information (Unaudited) (Continued)**  
**For the Year Ended June 30, 2016**

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**Schedule of Funding Progress – Other Postemployment Benefits**

Actuarial Valuation Date	Actuarial Value of Asset	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percent of Covered Payroll
7/1/2008	\$ -	\$ 2,051,764	\$ 2,051,764	0.00%	\$ 9,786,063	20.97%
7/1/2011	-	2,137,188	2,137,188	0.00%	8,071,681	26.48%
7/1/2014	-	2,549,885	2,549,885	0.00%	8,834,299	28.86%

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# **SUPPLEMENTARY INFORMATION**

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**City of San Marino**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds			
	Gas Tax	Community Development	County Park Bond	Proposition A Transit
<b>Assets:</b>				
Pooled cash and investments	\$ 530,725	\$ 5	\$ -	\$ 429,326
Receivables:				
Taxes	-	-	-	38,069
Accrued interest	580	-	-	494
Due from other governments	-	23,633	47,697	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total assets</b>	<b>\$ 531,305</b>	<b>\$ 23,638</b>	<b>\$ 47,697</b>	<b>\$ 467,889</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 22,511	\$ 254	\$ 21,866
Accrued liabilities	-	-	2,036	-
Unearned revenue	-	-	-	-
Due to other funds	-	1,117	45,531	-
<b>Total Liabilities</b>	<b>-</b>	<b>23,628</b>	<b>47,821</b>	<b>21,866</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	47,697	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>47,697</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	10	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	446,023
Public works	531,305	-	-	-
Debt service	-	-	-	-
<b>Unassigned (deficit)</b>	<b>-</b>	<b>-</b>	<b>(47,821)</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>531,305</b>	<b>10</b>	<b>(47,821)</b>	<b>446,023</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 531,305</b>	<b>\$ 23,638</b>	<b>\$ 47,697</b>	<b>\$ 467,889</b>

(Continued)

**City of San Marino**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds			
	Southern California Air Quality	TDA Article 3	Proposition C Transit	Asset Seizure
<b>Assets:</b>				
Pooled cash and investments	\$ 35,290	\$ 9	\$ 167,791	\$ 49,509
Receivables:				
Taxes	-	-	31,577	-
Accrued interest	38	3	184	54
Due from other governments	4,589	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total assets</b>	<b>\$ 39,917</b>	<b>\$ 12</b>	<b>\$ 199,552</b>	<b>\$ 49,563</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	39,917	-	-	-
Public safety	-	-	-	49,563
Parks and recreation	-	-	-	-
Public works	-	12	199,552	-
Debt service	-	-	-	-
<b>Unassigned (deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>39,917</b>	<b>12</b>	<b>199,552</b>	<b>49,563</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 39,917</b>	<b>\$ 12</b>	<b>\$ 199,552</b>	<b>\$ 49,563</b>

(Continued)



**City of San Marino**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds			
	Granada Avenue Assessment District #2	Assistance to Firefighters Grant	California Recycling Grant	COPS Grant
<b>Assets:</b>				
Pooled cash and investments	\$ 21,796	\$ 5	\$ 18,533	\$ 109,339
Receivables:				
Taxes	-	-	-	-
Accrued interest	26	10	24	129
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total assets</b>	<b>\$ 21,822</b>	<b>\$ 15</b>	<b>\$ 18,557</b>	<b>\$ 109,468</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	-	18,557	-
Public safety	-	15	-	109,468
Parks and recreation	-	-	-	-
Public works	21,822	-	-	-
Debt service	-	-	-	-
<b>Unassigned (deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>21,822</b>	<b>15</b>	<b>18,557</b>	<b>109,468</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 21,822</b>	<b>\$ 15</b>	<b>\$ 18,557</b>	<b>\$ 109,468</b>

(Continued)

**City of San Marino**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds			
	Prop 40 2002 Park Bond Per Capita	Homeland Security	Safe Routes to School	STPL
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 16,406
Receivables:				
Taxes	-	-	-	-
Accrued interest	-	-	-	19
Due from other governments	-	-	11,095	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,095</b>	<b>\$ 16,425</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	100,000	-	-	-
<b>Total Liabilities</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	11,095	16,425
Debt service	-	-	-	-
<b>Unassigned (deficit)</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>(100,000)</b>	<b>-</b>	<b>11,095</b>	<b>16,425</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,095</b>	<b>\$ 16,425</b>

(Continued)

**City of San Marino**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds			
	Prop 1B Street Funds	Measure R	PEG Fund	Windstorm Tree Grant
<b>Assets:</b>				
Pooled cash and investments	\$ 1	\$ 264,460	\$ 108,936	\$ -
Receivables:				
Taxes	-	23,685	7,262	-
Accrued interest	-	297	123	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total assets</b>	<b>\$ 1</b>	<b>\$ 288,442</b>	<b>\$ 116,321</b>	<b>\$ -</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	1	-	-	-
<b>Total Liabilities</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	-	116,321	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	288,442	-	-
Debt service	-	-	-	-
<b>Unassigned (deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>-</b>	<b>288,442</b>	<b>116,321</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1</b>	<b>\$ 288,442</b>	<b>\$ 116,321</b>	<b>\$ -</b>

(Continued)

**City of San Marino**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds			Debt Service Fund
	Used Oil Grant	Drought Education Fund	County P&R Grant	City Debt Service Fund
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 17,912	\$ -	\$ -
Receivables:				
Taxes	-	-	-	-
Accrued interest	4	19	-	-
Due from other governments	9,441	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	105
<b>Total assets</b>	<b>\$ 9,445</b>	<b>\$ 17,931</b>	<b>\$ -</b>	<b>\$ 105</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenue	5,000	-	-	-
Due to other funds	556	-	2,422	-
<b>Total Liabilities</b>	<b>5,556</b>	<b>-</b>	<b>2,422</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	3,889	17,931	-	-
Debt service	-	-	-	105
<b>Unassigned (deficit)</b>	<b>-</b>	<b>-</b>	<b>(2,422)</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>3,889</b>	<b>17,931</b>	<b>(2,422)</b>	<b>105</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 9,445</b>	<b>\$ 17,931</b>	<b>\$ -</b>	<b>\$ 105</b>

(Continued)

**City of San Marino**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

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	Total Nonmajor Governmental Funds
<b>Assets:</b>	
Pooled cash and investments	\$ 1,770,043
Receivables:	
Taxes	100,593
Accrued interest	2,004
Due from other governments	96,455
Due from other funds	-
Restricted assets:	-
Cash and investments with fiscal agents	105
<b>Total assets</b>	<b>\$ 1,969,200</b>
 <b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 44,631
Accrued liabilities	2,036
Unearned revenue	5,000
Due to other funds	149,627
<b>Total liabilities</b>	<b>201,294</b>
 <b>Deferred Inflows of Resources:</b>	
Unavailable revenues	47,697
<b>Total Deferred Inflows of Resources</b>	<b>47,697</b>
 <b>Fund Balances:</b>	
<b>Restricted for:</b>	
Community development projects	174,805
Public safety	159,046
Parks and recreation	446,023
Public works	1,090,473
Debt service	105
<b>Unassigned (deficit)</b>	<b>(150,243)</b>
<b>Total Fund Balances</b>	<b>1,720,209</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,969,200</b>

(Concluded)

**City of San Marino**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	Special Revenue Funds			
	Gas Tax	Community Development	County Park Bond	Proposition A Transit
<b>REVENUES:</b>				
Taxes	\$ 294,255	\$ -	\$ -	\$ -
Intergovernmental	-	119,397	44,278	241,032
Charges for services	-	-	-	-
Use of money and property	1,686	2	24	1,707
Fines and forfeitures	-	-	-	-
<b>Total Revenues</b>	<b>295,941</b>	<b>119,399</b>	<b>44,302</b>	<b>242,739</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	120,114
Public safety	-	-	-	-
Community development	-	113,663	-	-
Recreation	-	6,309	47,696	106,359
Parks and Public works	-	-	-	-
Capital outlay	34,580	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>34,580</b>	<b>119,972</b>	<b>47,696</b>	<b>226,473</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>261,361</b>	<b>(573)</b>	<b>(3,394)</b>	<b>16,266</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	103	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>103</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>261,361</b>	<b>(470)</b>	<b>(3,394)</b>	<b>16,266</b>
<b>FUND BALANCES:</b>				
Beginning of Year, as previously reported	269,944	216	75	391,911
Restatements	-	264	(44,502)	37,846
Beginning of Year, as restated	269,944	480	(44,427)	429,757
End of Year	<u>\$ 531,305</u>	<u>\$ 10</u>	<u>\$ (47,821)</u>	<u>\$ 446,023</u>

(Continued)

**City of San Marino**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	Special Revenue Funds			
	Southern California Air Quality	TDA Article 3	Proposition C Transit	Asset Seizure
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	21,299	-	200,062	1,018
Charges for services	-	-	-	-
Use of money and property	107	12	439	203
Fines and forfeitures	-	-	-	-
<b>Total Revenues</b>	<u>21,406</u>	<u>12</u>	<u>200,501</u>	<u>1,221</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	13,356
Community development	-	-	-	-
Recreation	-	3,314	-	-
Parks and Public works	-	-	-	-
Capital outlay	-	-	67,032	7,087
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>3,314</u>	<u>67,032</u>	<u>20,443</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>21,406</u>	<u>(3,302)</u>	<u>133,469</u>	<u>(19,222)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	5,147
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,147</u>
<b>Net Change in Fund Balances</b>	<u>21,406</u>	<u>(3,302)</u>	<u>133,469</u>	<u>(14,075)</u>
<b>FUND BALANCES:</b>				
Beginning of Year, as previously reported	<u>18,511</u>	<u>3,314</u>	<u>34,691</u>	<u>63,638</u>
Restatements	<u>-</u>	<u>-</u>	<u>31,392</u>	<u>-</u>
Beginning of Year, as restated	<u>18,511</u>	<u>3,314</u>	<u>66,083</u>	<u>63,638</u>
End of Year	<u>\$ 39,917</u>	<u>\$ 12</u>	<u>\$ 199,552</u>	<u>\$ 49,563</u>

(Continued)

**City of San Marino**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	Special Revenue Funds			
	Granada Avenue Assessment District #2	Assistance to Firefighters Grant	California Recycling Grant	COPS Grant
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	5,000	114,618
Charges for services	-	-	-	-
Use of money and property	88	33	69	292
Fines and forfeitures	-	-	-	-
<b>Total Revenues</b>	<b>88</b>	<b>33</b>	<b>5,069</b>	<b>114,910</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	87,311
Community development	-	-	-	-
Recreation	-	-	-	-
Parks and Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,311</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>88</b>	<b>33</b>	<b>5,069</b>	<b>27,599</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	(8,144)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(8,144)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>88</b>	<b>(8,111)</b>	<b>5,069</b>	<b>27,599</b>
<b>FUND BALANCES:</b>				
Beginning of Year, as previously reported	21,734	8,126	13,488	81,869
Restatements	-	-	-	-
Beginning of Year, as restated	21,734	8,126	13,488	81,869
End of Year	<u>\$ 21,822</u>	<u>\$ 15</u>	<u>\$ 18,557</u>	<u>\$ 109,468</u>

(Continued)



**City of San Marino**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	Special Revenue Funds			
	Prop 40 2002 Park Bond Per Capita	Homeland Security	Safe Routes to School	STPL
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	256	54,772	-
Charges for services	-	-	-	-
Use of money and property	-	10	16	65
Fines and forfeitures	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>266</u>	<u>54,788</u>	<u>65</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	699	-
Community development	-	-	-	-
Recreation	-	-	-	-
Parks and Public works	-	-	5,060	-
Capital outlay	100,000	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>100,000</u>	<u>-</u>	<u>5,759</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(100,000)</u>	<u>266</u>	<u>49,029</u>	<u>65</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	81,679	-
Transfers (out)	-	(1,534)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(1,534)</u>	<u>81,679</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(100,000)</u>	<u>(1,268)</u>	<u>130,708</u>	<u>65</u>
<b>FUND BALANCES:</b>				
Beginning of Year, as previously reported	-	1,268	(119,613)	16,360
Restatements	-	-	-	-
Beginning of Year, as restated	-	1,268	(119,613)	16,360
End of Year	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$ 11,095</u>	<u>\$ 16,425</u>

(Continued)

**City of San Marino**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	Special Revenue Funds			
	Prop 1B Street Funds	Measure R	PEG Fund	Windstorm Tree Grant
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	149,969	-	-
Charges for services	-	-	29,160	-
Use of money and property	-	789	376	-
Fines and forfeitures	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>150,758</u>	<u>29,536</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Recreation	-	-	-	-
Parks and Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>150,758</u>	<u>29,536</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	(7)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7)</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>150,758</u>	<u>29,536</u>	<u>(7)</u>
<b>FUND BALANCES:</b>				
Beginning of Year, as previously reported	-	114,068	86,785	7
Restatements	-	23,616	-	-
Beginning of Year, as restated	-	137,684	86,785	7
End of Year	<u>\$ -</u>	<u>\$ 288,442</u>	<u>\$ 116,321</u>	<u>\$ -</u>

(Continued)

**City of San Marino**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	Special Revenue Funds			Debt Service Fund
	Used Oil Grant	Drought Education Fund	County P&R Grant	City Debt Service Fund
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	40,407	-	2,500	-
Charges for services	-	-	-	-
Use of money and property	6	33	1	54
Fines and forfeitures	-	21,000	-	-
<b>Total Revenues</b>	<b>40,413</b>	<b>21,033</b>	<b>2,501</b>	<b>54</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	3,102	-	724
Public safety	-	-	-	-
Community development	-	-	-	-
Recreation	-	-	2,456	-
Parks and Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	475,000
Interest and fiscal charges	-	-	-	260,737
<b>Total Expenditures</b>	<b>-</b>	<b>3,102</b>	<b>2,456</b>	<b>736,461</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>40,413</b>	<b>17,931</b>	<b>45</b>	<b>(736,407)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	736,461
Transfers (out)	(6,000)	-	(2,467)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(6,000)</b>	<b>-</b>	<b>(2,467)</b>	<b>736,461</b>
<b>Net Change in Fund Balances</b>	<b>34,413</b>	<b>17,931</b>	<b>(2,422)</b>	<b>54</b>
<b>FUND BALANCES:</b>				
Beginning of Year, as previously reported	(30,524)	-	-	51
Restatements	-	-	-	-
Beginning of Year, as restated	(30,524)	-	-	51
End of Year	<u>\$ 3,889</u>	<u>\$ 17,931</u>	<u>\$ (2,422)</u>	<u>\$ 105</u>

(Continued)

**City of San Marino**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

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		Total Nonmajor Governmental Funds
<b>REVENUES:</b>		
Taxes	\$	294,255
Intergovernmental		994,608
Charges for services		29,160
Use of money and property		6,012
Fines and forfeitures		21,000
<b>Total Revenues</b>		1,345,035
<b>EXPENDITURES:</b>		
Current:		
General government		123,940
Public safety		101,366
Community development		113,663
Recreation		166,134
Parks and Public works		5,060
Capital outlay		208,699
Debt service:		
Principal retirement		475,000
Interest and fiscal charges		260,737
<b>Total Expenditures</b>		1,454,599
<b>Excess (Deficiency) of Revenues</b>		
<b>Over (Under) Expenditures</b>		(109,564)
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in		823,390
Transfers (out)		(18,152)
<b>Total Other Financing Sources (Uses)</b>		805,238
<b>Net Change in Fund Balances</b>		695,674
<b>FUND BALANCES:</b>		
Beginning of Year, as previously reported		975,919
Restatements		48,616
Beginning of Year, as restated		1,024,535
End of Year	\$	1,720,209

(Concluded)

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Gas Tax Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 349,000	\$ 349,000	\$ 294,255	\$ (54,745)
Use of money and property	1,300	1,300	1,686	386
<b>Total revenues</b>	<u>350,300</u>	<u>350,300</u>	<u>295,941</u>	<u>(54,359)</u>
<b>EXPENDITURES:</b>				
Capital outlay	39,118	39,118	34,580	4,538
<b>Total expenditures</b>	<u>39,118</u>	<u>39,118</u>	<u>34,580</u>	<u>4,538</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>311,182</u>	<u>311,182</u>	<u>261,361</u>	<u>(49,821)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 311,182</u>	<u>\$ 311,182</u>	261,361	<u>\$ (49,821)</u>
<b>FUND BALANCE:</b>				
Beginning of Year			<u>269,944</u>	
End of Year			<u>\$ 531,305</u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Community Development Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 138,489	\$ 138,489	\$ 119,397	\$ (19,092)
Use of money and property	-	-	2	2
<b>Total revenues</b>	<u>138,489</u>	<u>138,489</u>	<u>119,399</u>	<u>(19,090)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	207,716	207,716	113,663	94,053
Recreation	-	5,773	6,309	(536)
<b>Total expenditures</b>	<u>207,716</u>	<u>213,489</u>	<u>119,972</u>	<u>93,517</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(69,227)</u>	<u>(75,000)</u>	<u>(573)</u>	<u>74,427</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	103	103
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>103</u>	<u>103</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (69,227)</u>	<u>\$ (75,000)</u>	<u>(470)</u>	<u>\$ 74,530</u>
<b>FUND BALANCE:</b>				
Beginning of Year			<u>480</u>	
End of Year			<u>\$ 10</u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**County Park Bond Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 63,619	\$ 63,619	\$ 44,278	\$ (19,341)
Use of money and property	-	-	24	24
<b>Total revenues</b>	<u>63,619</u>	<u>63,619</u>	<u>44,302</u>	<u>(19,317)</u>
<b>EXPENDITURES:</b>				
Current:				
Recreation	<u>63,619</u>	<u>63,619</u>	<u>47,696</u>	<u>15,923</u>
<b>Total expenditures</b>	<u>63,619</u>	<u>63,619</u>	<u>47,696</u>	<u>15,923</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(3,394)</u>	<u>(3,394)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,394)</u>	<u>\$ (3,394)</u>
<b>FUND BALANCE:</b>				
Beginning of Year, As Restated			<u>(44,427)</u>	
End of Year			<u>\$ (47,821)</u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Proposition A Transit Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 235,000	\$ 235,000	\$ 241,032	\$ 6,032
Use of money and property	1,200	1,200	1,707	507
<b>Total revenues</b>	<u>236,200</u>	<u>236,200</u>	<u>242,739</u>	<u>6,539</u>
<b>EXPENDITURES:</b>				
Current:				
General government	200,149	200,149	120,114	80,035
Recreation	110,038	110,038	106,359	3,679
<b>Total expenditures</b>	<u>310,187</u>	<u>310,187</u>	<u>226,473</u>	<u>83,714</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(73,987)</u>	<u>(73,987)</u>	<u>16,266</u>	<u>90,253</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (73,987)</u></u>	<u><u>\$ (73,987)</u></u>	<u>16,266</u>	<u><u>\$ 90,253</u></u>
<b>FUND BALANCE:</b>				
Beginning of Year, As Restated			<u>429,757</u>	
End of Year			<u><u>\$ 446,023</u></u>	



**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Southern California Air Quality Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 21,299	\$ 6,299
Use of money and property	15	15	107	92
<b>Total revenues</b>	<u>15,015</u>	<u>15,015</u>	<u>21,406</u>	<u>6,391</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>15,015</u>	<u>15,015</u>	<u>21,406</u>	<u>6,391</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 15,015</u></u>	<u><u>\$ 15,015</u></u>	<u>21,406</u>	<u><u>\$ 6,391</u></u>
<b>FUND BALANCE:</b>				
Beginning of Year			<u>18,511</u>	
End of Year			<u><u>\$ 39,917</u></u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**TDA Article 3 Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 11,000	\$ 11,000	\$ -	\$ (11,000)
Use of money and property	30	30	12	(18)
<b>Total revenues</b>	<u>11,030</u>	<u>11,030</u>	<u>12</u>	<u>(11,018)</u>
<b>EXPENDITURES:</b>				
Current:				
Recreation	-	-	3,314	(3,314)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>3,314</u>	<u>(3,314)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>11,030</u>	<u>11,030</u>	<u>(3,302)</u>	<u>(14,332)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 11,030</u>	<u>\$ 11,030</u>	<u>(3,302)</u>	<u>\$ (14,332)</u>
<b>FUND BALANCE:</b>				
Beginning of Year			<u>3,314</u>	
End of Year			<u>\$ 12</u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Proposition C Transit Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,031,000	\$ 1,031,000	\$ 200,062	\$ (830,938)
Use of money and property	240	240	439	199
<b>Total revenues</b>	<u>1,031,240</u>	<u>1,031,240</u>	<u>200,501</u>	<u>(830,739)</u>
<b>EXPENDITURES:</b>				
Capital outlay	1,045,000	1,045,000	67,032	977,968
<b>Total expenditures</b>	<u>1,045,000</u>	<u>1,045,000</u>	<u>67,032</u>	<u>977,968</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(13,760)</u>	<u>(13,760)</u>	<u>133,469</u>	<u>147,229</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (13,760)</u>	<u>\$ (13,760)</u>	<u>133,469</u>	<u>\$ 147,229</u>
<b>FUND BALANCE:</b>				
Beginning of Year, As Restated			<u>66,083</u>	
End of Year			<u>\$ 199,552</u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Asset Seizure Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 2,000	\$ 2,000	\$ 1,018	\$ (982)
Use of money and property	150	150	203	53
<b>Total revenues</b>	<u>2,150</u>	<u>2,150</u>	<u>1,221</u>	<u>(929)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	23,814	23,814	13,356	10,458
Capital outlay	15,000	15,000	7,087	7,913
<b>Total expenditures</b>	<u>38,814</u>	<u>38,814</u>	<u>20,443</u>	<u>18,371</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(36,664)</u>	<u>(36,664)</u>	<u>(19,222)</u>	<u>17,442</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	5,147	5,147
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>5,147</u>	<u>5,147</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (36,664)</u>	<u>\$ (36,664)</u>	<u>(14,075)</u>	<u>\$ 22,589</u>
<b>FUND BALANCE:</b>				
Beginning of Year			<u>63,638</u>	
End of Year			<u>\$ 49,563</u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Granada Avenue Assessment District #2 Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 2,200	\$ 2,200	\$ -	\$ (2,200)
Use of money and property	-	-	88	88
<b>Total revenues</b>	<u>2,200</u>	<u>2,200</u>	<u>88</u>	<u>(2,112)</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>2,200</u>	<u>2,200</u>	<u>88</u>	<u>(2,112)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 2,200</u>	<u>\$ 2,200</u>	<u>88</u>	<u>\$ (2,112)</u>
<b>FUND BALANCE:</b>				
Beginning of Year			<u>21,734</u>	
End of Year			<u>\$ 21,822</u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**California Recycling Grant Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 215,280	\$ 320,280	\$ 5,000	\$ (315,280)
Use of money and property	-	-	69	69
<b>Total revenues</b>	<u>215,280</u>	<u>320,280</u>	<u>5,069</u>	<u>(315,211)</u>
<b>EXPENDITURES:</b>				
Current:				
Recreation	<u>5,000</u>	<u>5,000</u>	-	<u>5,000</u>
<b>Total expenditures</b>	<u>5,000</u>	<u>5,000</u>	-	<u>5,000</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>210,280</u>	<u>315,280</u>	<u>5,069</u>	<u>(310,211)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 210,280</u>	<u>\$ 315,280</u>	5,069	<u>\$ (310,211)</u>
<b>FUND BALANCE:</b>				
Beginning of Year			<u>13,488</u>	
End of Year			<u>\$ 18,557</u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**COPS Grant Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 114,618	\$ 14,618
Use of money and property	60	60	292	232
<b>Total revenues</b>	<u>100,060</u>	<u>100,060</u>	<u>114,910</u>	<u>14,850</u>
<b>EXPENDITURES:</b>				
Current:				
Public Safety	90,530	90,530	87,311	3,219
<b>Total expenditures</b>	<u>90,530</u>	<u>90,530</u>	<u>87,311</u>	<u>3,219</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>9,530</u>	<u>9,530</u>	<u>27,599</u>	<u>18,069</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 9,530</u>	<u>\$ 9,530</u>	27,599	<u>\$ 18,069</u>
<b>FUND BALANCE:</b>				
Beginning of Year			<u>81,869</u>	
End of Year			<u>\$ 109,468</u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Safe Routes to School Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 65,242	\$ 65,242	\$ 54,772	\$ (10,470)
Use of money and property	-	-	16	16
<b>Total revenues</b>	<u>65,242</u>	<u>65,242</u>	<u>54,788</u>	<u>(10,454)</u>
<b>EXPENDITURES:</b>				
Current:				
Public Safety	58,243	58,243	699	57,544
Parks and Public Works	7,000	7,000	5,060	1,940
<b>Total expenditures</b>	<u>65,243</u>	<u>65,243</u>	<u>5,759</u>	<u>59,484</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1)</u>	<u>(1)</u>	<u>49,029</u>	<u>49,030</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	81,679	81,679
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>81,679</u>	<u>81,679</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>130,708</u>	<u>\$ 130,709</u>
<b>FUND BALANCE:</b>				
Beginning of Year			<u>(119,613)</u>	
End of Year			<u>\$ 11,095</u>	



**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Measure R Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 146,000	\$ 146,000	\$ 149,969	\$ 3,969
Use of money and property	150	150	789	639
<b>Total revenues</b>	<u>146,150</u>	<u>146,150</u>	<u>150,758</u>	<u>4,608</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>260,000</u>	<u>260,000</u>	-	<u>260,000</u>
<b>Total expenditures</b>	<u>260,000</u>	<u>260,000</u>	-	<u>260,000</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(113,850)</u>	<u>(113,850)</u>	<u>150,758</u>	<u>264,608</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (113,850)</u>	<u>\$ (113,850)</u>	<u>150,758</u>	<u>\$ 264,608</u>
<b>FUND BALANCE:</b>				
Beginning of Year, As Restated			<u>137,684</u>	
End of Year			<u>\$ 288,442</u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**PEG Fund Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 30,000	\$ 30,000	\$ 29,160	\$ (840)
Use of money and property	-	-	376	376
<b>Total revenues</b>	<u>30,000</u>	<u>30,000</u>	<u>29,536</u>	<u>(464)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	<u>30,000</u>	<u>30,000</u>	-	<u>30,000</u>
<b>Total expenditures</b>	<u>30,000</u>	<u>30,000</u>	-	<u>30,000</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>29,536</u>	<u>29,536</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>29,536</u>	<u>\$ 29,536</u>
<b>FUND BALANCE:</b>				
Beginning of Year, As Restated			<u>86,785</u>	
End of Year			<u>\$ 116,321</u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Used Oil Grant Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 40,407	\$ 35,407
Use of money and property	-	-	6	6
<b>Total revenues</b>	<u>5,000</u>	<u>5,000</u>	<u>40,413</u>	<u>35,413</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	8,879	8,879	-	8,879
Capital outlay	6,354	6,354	-	6,354
<b>Total expenditures</b>	<u>15,233</u>	<u>15,233</u>	<u>-</u>	<u>15,233</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(10,233)</u>	<u>(10,233)</u>	<u>40,413</u>	<u>50,646</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(6,000)	(6,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(6,000)</u>	<u>(6,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (10,233)</u>	<u>\$ (10,233)</u>	<u>34,413</u>	<u>\$ 44,646</u>
<b>FUND BALANCE:</b>				
Beginning of Year, As Restated			<u>(30,524)</u>	
End of Year			<u>\$ 3,889</u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Drought Education Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 33	\$ 33
Fines and forfeitures	-	-	21,000	21,000
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>21,033</u>	<u>21,033</u>
<b>EXPENDITURES:</b>				
Current:				
General government	3,000	3,000	3,102	(102)
<b>Total expenditures</b>	<u>3,000</u>	<u>3,000</u>	<u>3,102</u>	<u>(102)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,000)</u>	<u>(3,000)</u>	<u>17,931</u>	<u>20,931</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>	<u>17,931</u>	<u>\$ 20,931</u>
<b>FUND BALANCE:</b>				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ 17,931</u>	

**City of San Marino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES:</b>				
Current:				
Parks and Public Works	\$ -	\$ -	\$ 331,924	\$ (331,924)
Capital outlay	6,266,544	6,432,834	2,056,477	4,376,357
<b>Total expenditures</b>	<u>6,266,544</u>	<u>6,432,834</u>	<u>2,388,401</u>	<u>4,044,433</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(6,266,544)</u>	<u>(6,432,834)</u>	<u>(2,388,401)</u>	<u>4,044,433</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>2,814,500</u>	<u>2,814,500</u>	<u>2,174,853</u>	<u>(639,647)</u>
<b>Total other financing sources (uses)</b>	<u>2,814,500</u>	<u>2,814,500</u>	<u>2,174,853</u>	<u>(639,647)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (3,452,044)</u>	<u>\$ (3,618,334)</u>	(213,548)	<u>\$ 3,404,786</u>
<b>FUND BALANCE:</b>				
Beginning of Year, As Restated			<u>(40,501)</u>	
End of Year			<u>\$ (254,049)</u>	

**City of San Marino**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>ASSETS</b>				
Cash and investments	\$ 32,876	\$ 1,107,146	\$ (1,132,583)	\$ 7,439
Receivables:				
Accounts	220,780	771,375	(955,531)	36,624
<b>Total Assets</b>	<u>\$ 253,656</u>	<u>\$ 1,878,521</u>	<u>\$ (2,088,114)</u>	<u>\$ 44,063</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 237,200	\$ 1,049,383	\$ (1,250,372)	\$ 36,211
Deposits payable	16,456	152,395	(160,999)	7,852
<b>Total Liabilities</b>	<u>\$ 253,656</u>	<u>\$ 1,201,778</u>	<u>\$ (1,411,371)</u>	<u>\$ 44,063</u>