

CITY OF SOUTH EL MONTE
BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2016

City of South El Monte
Year Ended June 30, 2016

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Year Ended June 30, 2016

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Independent Auditor's Report

The Honorable City Council
City of South El Monte, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South El Monte (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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South El Monte, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 an opinion on the financial statements that collectively comprise the City's basic financial statements. The schedules listed in the Supplementary Information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the Supplementary Information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed in the Supplementary Information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Van Lant & Fankhaed, LLP

January 22, 2018

BASIC FINANCIAL STATEMENTS

City of South El Monte
Statement of Net Position
June 30, 2016

	Governmental Activities
ASSETS	
Cash and Investments	\$ 7,764,066
Receivables:	
Accounts	187,754
Taxes	1,965,169
Interest	18
Loans	1,769,003
Due from Other Governments	739,242
Prepaid Costs	20,593
Capital Assets:	
Non-depreciable:	
Land	956,100
Construction in Progress	2,918,037
Depreciable, Net of Accumulated Depreciation:	
Property and Equipment	442,609
Buildings and Improvements	4,943,406
Infrastructure	6,238,045
	27,944,042
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Related Items	1,195,044
LIABILITIES	
Accounts Payable	1,066,247
Other Accrued Liabilities	216,723
Unearned Revenue	20,962
Wages Payable	101,740
Noncurrent Liabilities:	
Due Within One Year	100,235
Due in More Than One Year	8,234,181
	9,740,088
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Related Items	560,412
NET POSITION	
Net Investment in Capital Assets	12,427,204
Restricted:	
Community Programs	156,421
Community Development	111,133
Public Works	4,664,701
Housing Programs	1,852,652
Unrestricted	(373,525)
	\$ 18,838,586

The accompanying notes are an integral part of this statement.

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City of South El Monte
Statement of Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 3,587,150	\$ 601,062	\$ -	\$ -	\$ (2,986,088)
Public Safety	4,579,804	262,906	349,426	-	(3,967,472)
Community Development	2,449,420	23,026	393,835	-	(2,032,559)
Public Works	1,983,278	35,464	978,605	1,233,663	264,454
Community Service Programs	3,503,076	868,895	807,648	-	(1,826,533)
Interest on Long-Term Debt	15,498	-	-	-	(15,498)
Total Governmental Activities	\$ 16,118,226	\$ 1,791,353	\$ 2,529,514	\$ 1,233,663	(10,563,696)

General Revenues:

Taxes:

Property Tax, Levied for General Purpose	2,955,711
Transient Occupancy Taxes	212,323
Franchise Taxes	813,819
Sales Tax	6,329,473
Motor Vehicle in lieu Tax	8,409
Investment Income	17,615
Other	32,139

Total General Revenues 10,369,489

Change in Net Position (194,207)

Net Position - Beginning of Year 19,032,793

Net Position - End of Year \$ 18,838,586

The accompanying notes are an integral part of this statement.

City of South El Monte
Balance Sheet
Governmental Funds
June 30, 2016

	General	Special Revenue	
		CalHOME Grant	Park Bond Grant
ASSETS			
Cash and Investments	\$ 2,728,974	\$ -	\$ -
Accounts Receivable	156,387	999	-
Taxes Receivable	1,965,169	-	-
Interest Receivable	18	-	-
Loans Receivable	-	1,517,003	-
Prepays	20,593	-	-
Due from Other Funds	333,501	-	-
Due from Other Governments	-	447,515	149,382
Total Assets	\$ 5,204,642	\$ 1,965,517	\$ 149,382
LIABILITIES			
Accounts Payable	\$ 823,435	\$ 11,205	\$ -
Other Accrued Liabilities	197,852	-	-
Wages Payable	95,725	-	-
Due to Other Funds	170,412	332,698	127,015
Unearned Revenue	-	20,962	-
Total Liabilities	1,287,424	364,865	127,015
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Accounts	-	-	-
Unavailable Revenues - Grants	-	-	149,382
Total Deferred Inflows of Resources	-	-	149,382
FUND BALANCES (DEFICITS)			
Nonspendable	20,593	-	-
Restricted	-	1,600,652	-
Committed	-	-	-
Unassigned	3,896,625	-	(127,015)
Total Fund Balances (Deficits)	3,917,218	1,600,652	(127,015)
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 5,204,642	\$ 1,965,517	\$ 149,382

The accompanying notes are an integral part of this statement.

Special Revenue	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
Sewer Assessment	Capital Improvement		
\$ 1,536,888	\$ 1,034,341	\$ 2,463,863	\$ 7,764,066
7,896	-	22,472	187,754
-	-	-	1,965,169
-	-	-	18
-	-	252,000	1,769,003
-	-	-	20,593
-	126,212	170,412	630,125
-	90,345	52,000	739,242
<u>\$ 1,544,784</u>	<u>\$ 1,250,898</u>	<u>\$ 2,960,747</u>	<u>\$ 13,075,970</u>
\$ 827	\$ 169,561	\$ 61,219	\$ 1,066,247
956	-	17,915	216,723
349	-	5,666	101,740
-	-	-	630,125
-	-	-	20,962
<u>2,132</u>	<u>169,561</u>	<u>84,800</u>	<u>2,035,797</u>
-	-	52,000	52,000
-	90,345	-	239,727
<u>-</u>	<u>90,345</u>	<u>52,000</u>	<u>291,727</u>
-	-	-	20,593
1,542,652	990,992	2,823,947	6,958,243
-	-	-	-
-	-	-	3,769,610
<u>1,542,652</u>	<u>990,992</u>	<u>2,823,947</u>	<u>10,748,446</u>
<u>\$ 1,544,784</u>	<u>\$ 1,250,898</u>	<u>\$ 2,960,747</u>	<u>\$ 13,075,970</u>

The accompanying notes are an integral part of this statement.

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City of South El Monte
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

Fund Balances of Governmental Funds	\$ 10,748,446
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets of governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	15,498,197
Revenue is deferred in the governmental funds when it is not received soon enough after year-end to be considered available. The availability criteria does not apply to the government-wide statements, and therefore the revenue is not deferred.	291,727
Long-term liabilities are not due and payable in the current period, and therefore, are not reported as a liability in the governmental funds, as follows:	
Compensated absences	(275,810)
Net Pension Liability	(5,562,668)
Net OPEB Obligation	(348,751)
Capital Leases/SEAACA Payable	(278,433)
Solar Loan	(1,868,754)
Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the Funds	
Deferred Outflows Related to Pensions	1,195,044
Deferred Inflows Related to Pensions	(560,412)
	(1,365,372)
Net Position of Governmental Activities	\$ 18,838,586

The accompanying notes are an integral part of this statement.

City of South El Monte
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	General Fund	Special Revenue	
		CalHOME Grant	Park Bond Grant
REVENUES			
Taxes	\$ 9,173,264	\$ -	\$ 106,473
Licenses & Permits	1,037,642	-	-
Fines & Forfeitures	261,638	-	-
Use of Money and Property	56,955	135	-
Charges for Services	312,930	-	-
Special Assessments	-	-	-
Intergovernmental	2,716,961	485,417	-
Other Revenues	21,611	-	-
Total Revenues	13,581,001	485,552	106,473
EXPENDITURES			
Current:			
General Government	3,502,360	-	-
Public Safety	4,388,676	-	-
Community Development	1,968,480	-	-
Public Works	1,531,561	-	-
Community Service Programs	2,279,865	21,639	672
Capital Outlay	-	-	-
Debt Service:			
Principal	59,960	-	-
Interest	15,498	-	-
Total Expenditures	13,746,400	21,639	672
Excess (Deficiency) of Revenues Over Expenditures	(165,399)	463,913	105,801
OTHER FINANCING SOURCES (USES)			
Transfers In	15,702	-	-
Transfers Out	(2,146,668)	-	(37,449)
Proceeds from Loan	1,868,754	-	-
Total Other Financing Sources (Uses)	(262,212)	-	(37,449)
Net Change in Fund Balances	(427,611)	463,913	68,352
Fund Balances, Beginning of Year	4,577,818	1,136,739	(195,367)
Prior Period Adjustments	(232,989)	-	-
Fund Balances, End of Year	\$ 3,917,218	\$ 1,600,652	\$ (127,015)

The accompanying notes are an integral part of this statement.

Special Revenue	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
Sewer Assessment	Capital Improvement		
\$ -	\$ -	\$ 229,886	\$ 9,509,623
-	-	-	1,037,642
-	-	-	261,638
3,362	-	5,820	66,272
-	-	7,091	320,021
396,826	-	-	396,826
-	652,844	1,575,803	5,431,025
-	-	10,529	32,140
<u>400,188</u>	<u>652,844</u>	<u>1,829,129</u>	<u>17,055,187</u>
-	-	1,881	3,504,241
-	-	177,195	4,565,871
-	-	-	1,968,480
40,184	-	653,915	2,225,660
-	-	641,711	2,943,887
-	3,604,163	28,046	3,632,209
-	-	-	59,960
-	-	-	15,498
<u>40,184</u>	<u>3,604,163</u>	<u>1,502,748</u>	<u>18,915,806</u>
<u>360,004</u>	<u>(2,951,319)</u>	<u>326,381</u>	<u>(1,860,619)</u>
-	2,623,361	95,506	2,734,569
(57,075)	-	(493,377)	(2,734,569)
-	-	-	1,868,754
<u>(57,075)</u>	<u>2,623,361</u>	<u>(397,871)</u>	<u>1,868,754</u>
302,929	(327,958)	(71,490)	8,135
1,239,723	1,318,950	2,662,448	10,740,311
-	-	232,989	-
<u>\$ 1,542,652</u>	<u>\$ 990,992</u>	<u>\$ 2,823,947</u>	<u>\$ 10,748,446</u>

The accompanying notes are an integral part of this statement.

City of South El Monte
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2016

Net Changes in Fund Balances - Total Governmental Funds	\$	8,135
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenue is deferred in the governmental funds when it is not received soon enough after year-end to be considered available. The availability criteria does not apply to the government-wide financial statements, and therefore, the revenue is not deferred.		
		(1,131,168)
Governmental funds report capital outlays as an expenditure in the full amount as current financial sources are used. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:		
Cost of assets capitalized		4,167,260
Depreciation expense		(1,434,660)
Long-term debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Principal repayments of long-term debt are expenditures in the Governmental Funds, but they reduce long-term liabilities in the Government-Wide Statement of Net Position.		
Principal Repayments:		
Capital Leases		59,960
Solar Loan Proceeds		(1,868,754)
Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the Funds. This is the net change in deferred inflows and outflows related to the net pension liability.		
Deferred Outflows Related to Pensions		565,116
Deferred Inflows Related to Pensions		808,330
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Compensated Absences		12,060
Net OPEB Obligation		(140,013)
Net Pension Liability		(1,240,473)
Change in Net Position of Governmental Activities	\$	<u>(194,207)</u>

The accompanying notes are an integral part of this statement.

City of South El Monte
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Successor Agency Private-purpose Trust Fund</u>
ASSETS	
Pooled Cash and Investments	\$ 1,927,986
Receivables:	
Accounts Receivable	128,767
Loans Receivable	234,006
Interest Receivable	60
Property Held for Development	2,209,722
Land	8,686,287
Restricted Assets:	
Cash and Investments with Fiscal Agents	<u>2,345,112</u>
Total Assets	<u>15,531,940</u>
LIABILITIES	
Accounts Payable and Accrued Liabilities	11,314
Pass-through Payable	1,921,534
Interest Payable	523,680
Bonds Payable	<u>29,981,544</u>
Total Liabilities	<u>32,438,072</u>
NET POSITION	
Net Position Held in Trust for Successor Agency	<u><u>\$ (16,906,132)</u></u>

The accompanying notes are an integral part of this statement.

City of South El Monte
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2016

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Taxes	\$ 2,437,858
Interest Income	84,094
Other	844
	2,522,796
Total Additions	2,522,796
DEDUCTIONS	
Administrative Costs	178,531
Contributions to City of South El Monte	46,518
Distribution of Proceeds from Property to County	950,000
Loss on Disposal of Property Held for Resale	6,309,700
Interest on Bonds	1,248,082
	8,732,831
Total Deductions	8,732,831
Change in Net Position	(6,210,035)
Net Position - Beginning of Year	(10,696,097)
Net Position - End of Year	\$ (16,906,132)

The accompanying notes are an integral part of this statement.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of South El Monte conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

A) Reporting Entity

The reporting entity "City of South El Monte" includes all the accounts of the City.

The City was incorporated on July 30, 1958 as a general law city and operates under a Council/Manager form of government.

Currently, there are no components required to be reported.

B) Basis of Presentation

The City has conformed to the pronouncements of the GASB, which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments.

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 with a separate set of self-balancing accounts that comprise its assets, liability, fund equity, revenues, and expenditures. The following are types of funds used:

Governmental Fund Types:

- *General Fund* - Used to account for all financial resources except those required to be accounted for in another fund.
- *Special Revenue Funds* - Used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.
- *Capital Projects Funds* - Used to account for financial resources used for the construction of specific capital projects.

Fiduciary Fund Types:

- *Private-purpose Trust Fund* - Used to account for the wind-down of the former South El Monte Business Improvement District.

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities including changes in net position. These statements present summaries of Governmental Activities for the City and include all non-fiduciary activities of the City.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

These 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 and infrastructure as well as long-term debt, 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. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating grants and contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital grants and contributions include revenues restricted to meeting the requirements of a particular capital function and may include grants and developer fees. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the government-wide statements have been eliminated.

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 aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the Government-Wide Financial Statements. The City has presented all major funds that met qualifications of GASB Statement No. 34.

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 Sheets. 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 fund balances. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. “Measurable” means that the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Accrued revenues include property taxes received within 60 days after year-end, taxpayer assessed taxes, and earnings on investments. The City considers sales tax revenues to be “available” when received within 90 days after year-end. Grant funds earned but not received are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as deferred revenues. Expenditures are recorded when the fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following major governmental funds:

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

The *CalHOME Grant Special Revenue Fund* is used to account for grant money restricted for the HOME Investment Partnership grant.

The *Park Bond Grant Special Revenue Fund* is used to account for the Safe Neighborhood Parks Proposition of 1992 (Proposition A) funding for park and open space improvement projects.

The *Sewer Assessment Special Revenue Fund* is used to account for tax assessments received for improvement of the sewer infrastructure of the City.

The *Capital Improvement Fund* is used to account for the financial resources allocated for capital improvement projects.

In addition, the City reports the following fiduciary fund:

The *Successor Agency Private-purpose Trust Fund* is used to account for the wind-down of the former South El Monte Business Improvement District, and is presented on the accrual basis of accounting.

D) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

GASB has issued the following Statements, which may impact the City's financial reporting requirements in the future:

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions: This statement was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2017.

GASB 83 - Certain Asset Retirement Obligations: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB 84 - Fiduciary Activities: This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

GASB 85 – Omnibus: This Statement was issued to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017

GASB 86 – Certain Debt Extinguishment Issues: This Statement establishes reporting requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB 87 – Leases: This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

E) Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budget/actual comparisons in this report use the GAAP basis. The budgetary comparison schedules present both the original adopted budget and the final budget with all amendments.

F) Advances to/from Other Funds

Long-term interfund advances are recorded as a receivable in the advancing governmental fund and as a liability in the fund receiving the advance.

G) Capital Assets

Capital assets, which include land, machinery and equipment (vehicles, computers, etc.), buildings and improvements, and infrastructure assets (street systems, storm drains, etc.), are reported in the Governmental Activities column of the Governmental-Wide Financial Statements. Capital assets are defined by the City as all land and buildings; vehicles, computers and equipment with an initial individual cost of more than \$5,000; and improvements and infrastructure assets with costs of more than \$5,000. Such assets are recorded at historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated fair market value at the date of donation or annexation.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. Depreciation is recorded in the Government-Wide Financial Statements on a straight-line basis over the useful lives of the assets as follows:

Buildings and Improvements	15 to 50 years
Vehicles, Computers and Equipment	3 to 10 years
Infrastructure Assets:	
Roadway Network	10 to 100 years
Storm Drain Network	30 to 100 years
Parks and Recreation Network	25 years

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets effective with the year of implementation (2002-2003). Infrastructure assets include roads, bridges, sidewalks, park improvements, traffic signals, etc. The retroactive reporting of infrastructure (assets acquired prior to July 1, 2002) is optional for Phase III Governments. The City is a Phase III Government and has elected not to retroactively report their infrastructure. Infrastructure is reported on a prospective basis from the year of implementation.

H) Employee Compensated Absences

City employees accumulate vacation hours, which may be paid upon termination, death or retirement. Employees may accrue up to 320 hours of vacation leave to be carried from year to year. Employees can accumulate unlimited hours of sick leave. After at least one full year of employment, all employees who terminate, die or retire are compensated for their unused sick leave based on a designated percentage of unused hours, with the percentage depending on the length of service with the City. The amount not expected to be paid from current available resources is accounted for as long-term debt.

At June 30, 2016, vested accrued vacation and compensatory time amounted to \$275,810.

I) Cash and Investments

The City pools cash and investment resources of its General Fund and special revenue funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Investments are shown at fair value, except when they have a remaining maturity at the time of purchase of one year or less, they are shown at amortized costs and those classified as investment agreements. Fair value is based on quoted market prices. Investments are included within the financial statement classifications of "cash and investments" and "cash and investments-restricted" (see Note 2).

J) Claims and Judgments

The City's self-insurance program is administered through the California Joint Powers Insurance Authority (CJPIA), which is described in Note 11. The CJPIA is a public entity risk pool. Claim losses recorded in the CJPIA include both current claims and incurred but not reported claims (IBNR). Deposits to the CJPIA are recorded by the City as insurance expenditures in the General Fund when paid. These deposits are subject to retrospective adjustment. Favorable claims experience results in a refund of deposits from the CJPIA and such refunds, if any, are recorded as a reduction of insurance expenditures in the year received. Adverse claims experience result in the payment of additional deposits and such deposits, if any, are recorded as insurance expenditures when paid.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L) Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

M) Property Held for Development

Property held for development is recorded in the Fiduciary Fund at the lower of acquisition cost or the anticipated resale cost. At June 30, 2016, the balance of property held for development was \$2,209,722.

N) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has only one item that qualifies for reporting in this category. It is the deferred outflows related to the pension contributions in accordance with GASB Statement No. 68.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under the modified accrual basis of accounting, and another, which is a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualify for reporting in this category. Under the modified accrual basis of accounting, the item, *unavailable revenues*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

O) Net Position

In the Government-wide financial statements; net position is classified in the following categories:

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Net Position

This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net position of the City that is not externally restricted for any project or other purpose.

P) Net Position Flow Assumption

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

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position.

Q) Fund Balance

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City 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.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Committed Fund Balance - Amounts that may be specified by the City Council ordinance or resolution to formally commit part of the City's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal City Councils' action utilizing the same type of action that was originally used.

Assigned Fund Balance - Amounts that are constrained by the Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

Q) Pensions

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

2) CASH AND INVESTMENTS

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

Governmental Activities:	
Cash and Investments	\$ 7,764,066
Fiduciary Funds:	
Cash and Investments	1,927,986
Cash and Investments with Fiscal Agent	2,345,112
Total Cash and Investments	\$ 12,037,164

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

Cash Deposits with Financial Institutions	\$ 9,676,787
Cash on Hand	2,200
Cash with Fiscal Agent	2,345,112
Local Agency Investment Fund (LAIF)	13,065
Total Cash and Investments	\$ 12,037,164

Investments Authorized by the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration credit risk.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

2) CASH AND INVESTMENTS - Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt covenants rather than the general provisions of the California Government Code. These provisions do not specify maximum maturities or concentration of risk limitations.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The maturities of the City's investments are summarized below:

Investment Type	Fair Value	12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund (LAIF) Held by Fiscal Agent	\$ 13,065	\$ 13,065	\$ -	\$ -
U.S. Treasury Money Market Funds	2,345,112	2,345,112	-	-
Total	<u>\$ 2,358,177</u>	<u>\$ 2,358,177</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required (where applicable) by the California Government Code, debt agreements and the City's investment policy and the actual rating as of year-end for each investment type:

Investment Type	Fair Value	Minimum Legal Rating	Not Required to be Rated	AAA
Local Agency Investment Fund (LAIF) Held by Fiscal Agent:	\$ 13,065	N/A	\$ 13,065	\$ -
U.S. Treasury Money Market Funds	2,345,112	AAA	-	2,345,112
Total	<u>\$ 2,358,177</u>		<u>\$ 13,065</u>	<u>\$ 2,345,112</u>

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

2) CASH AND INVESTMENTS - Continued

Concentration of Credit Risk

The investment policy of the City or investments authorized by debt covenants contain no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent five percent or more of total investments.

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 California Government Code and the City's investment policy do not contain legal policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

At June 30, 2016, none of the City's deposits with financial institutions in excess of the Federal Depository Insurance Corporation's limits were held in uncollateralized accounts.

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 investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The City is a voluntary participant in the LAIF that is regulated by the California Government Code 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 the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operation and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The City is a voluntary participant in the investment pool.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

2) CASH AND INVESTMENTS - Continued

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2016:

- Money Market Funds of \$2,345,112 are valued using a matrix pricing model (Level 2 inputs)

3) INTERFUND TRANSACTIONS

Interfund Balances

Interfund balances consisted of the following at June 30, 2016:

<u>DUE TO</u>	<u>DUE FROM</u>			<u>Total</u>
	<u>General Fund</u>	<u>Park Bond Grant Fund</u>	<u>CalHOME Grant Fund</u>	
General Fund	\$ -	\$ 803	\$ 332,698	\$ 333,501
Capital Improvement	-	126,212	-	126,212
Nonmajor Govt. Funds	170,412	-	-	170,412
Total	\$ 170,412	\$ 127,015	\$ 332,698	\$ 630,125

The interfund balance totaling \$459,713 from the CalHOME Grant Fund and Park Bond Grant Fund to the General Fund and Capital Improvement Capital Projects Fund are to cover operating cash deficits in the current year. These deficits are expected to be repaid during the 2016-17 fiscal year. The \$170,412 due from the General Fund to the Nonmajor Governmental Funds – Gas Tax is from disallowed Gas Tax expenditures as a result of the California State Controller’s Office review. These are expected to be repaid over the next three years through offsetting charges previously paid by the General Fund to be paid by the Nonmajor Gas Tax Fund.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

3) INTERFUND TRANSACTIONS - Continued

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following:

<u>TRANSFERS OUT</u>	<u>TRANSFERS IN</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	
General Fund	\$ -	\$ 2,051,162	\$ 95,506	\$ 2,146,668
Park Bond Grant	-	37,449	-	37,449
Sewer Assessment	-	57,075	-	57,075
Other Governmental Funds	<u>15,702</u>	<u>477,675</u>	<u>-</u>	<u>493,377</u>
Total	<u>\$ 15,702</u>	<u>\$ 2,623,361</u>	<u>\$ 95,506</u>	<u>\$ 2,734,569</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization or grant matching requirements.

Non-major funds transferred funds to the Capital Improvement Fund for various project costs. The General Fund, Park Bond Grant Fund, Sewer Assessment Fund and Other Governmental Funds transferred \$2,146,668, \$37,449, \$57,075 and \$477,675, respectively, to the Capital Improvement Fund to cover various project costs. The Non-major funds transferred \$15,702 to the General Fund to cover operating costs. In addition, the General Fund transferred \$95,506 to the Other Governmental Funds to cover operating costs.

Contributions to the City of South El Monte

The Successor Agency contributed \$46,518 of unspent bond proceeds to the City of South El Monte Capital Improvement fund to provide funding for various projects in accordance with the bond indentures.

4) DOWN PAYMENT ASSISTANCE AND HOME REHABILITATION GRANTS

The former South El Monte Business Improvement District operated First-Time Homebuyer and Home Rehabilitation Programs that provided silent second down payment or home rehabilitation assistance grants to residents who meet certain qualifications for the purpose of providing assistance to low-moderate income households. The grants are secured by a deed of trust and no monthly payments are required. At the end of the term, which ranges from 10 to 20 years, the grants are forgiven unless the following occurs during the grant term; 1) property is sold or transferred, 2) property is no longer owner-occupied, or 3) property is refinanced at which time full repayment would be required. The purpose of the grants is to provide low-moderate income households with homeownership or home rehabilitation assistance with no intent of recovering the grant. The receivables related to these grants are in the Fiduciary Fund. The balance of the loans receivable at June 30, 2016 was \$234,006, which includes gross receivables of \$1,560,038 and an allowance for uncollectible accounts of \$1,326,032.

In addition, the City operates the BEGIN Grant and CalHOME Grant special revenue funds which also provide for down payment assistance and home rehabilitation loans for low to moderate income residents. The amount of the loans outstanding in these funds at year-end is \$252,000 and \$1,517,003, respectively.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

5) OWNER PARTICIPATION AGREEMENTS

As part of community redevelopment projects, the District participates and enters into various owner participation agreements and/or developer agreements whereby loans are provided to the developer in exchange for the completion of low/mod income housing projects. Agreements entered into by the District as of June 30, 2014 include loans that are forgiven at the completion of the project and are only to be repaid to the District if the project is not completed. The receivables related to these loans are in the Fiduciary Fund. The balance of the loans that represent loans to be forgiven for projects not yet completed as of June 30, 2016 was \$626,779.

6) CAPITAL ASSETS AND DEPRECIATION

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

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 956,100	\$ -	\$ -	\$ 956,100
Construction in Progress	<u>1,642,811</u>	<u>4,057,726</u>	<u>(2,782,500)</u>	<u>2,918,037</u>
Total Capital Assets Not Being Depreciated	<u>2,598,911</u>	<u>4,057,726</u>	<u>(2,782,500)</u>	<u>3,874,137</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	11,975,658	1,713,225	-	13,688,883
Property and Equipment	1,634,161	24,700	-	1,658,861
Machinery and Equipment	710,490	65,040	-	775,530
Infrastructure				
Roadway System	<u>10,760,577</u>	<u>1,089,069</u>	<u>-</u>	<u>11,849,646</u>
Total Capital Assets, Being Depreciated	<u>25,080,886</u>	<u>2,892,034</u>	<u>-</u>	<u>27,972,920</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ (8,202,758)	\$ (542,719)	\$ -	\$ (8,745,477)
Property and Equipment	(1,386,772)	(107,654)	-	(1,494,426)
Machinery and Equipment	(448,361)	(48,995)	-	(497,356)
Infrastructure				
Roadway System	<u>(4,876,309)</u>	<u>(735,292)</u>	<u>-</u>	<u>(5,611,601)</u>
Total Accumulated Depreciation	<u>(14,914,200)</u>	<u>(1,434,660)</u>	<u>-</u>	<u>(16,348,860)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,166,686</u>	<u>1,457,374</u>	<u>-</u>	<u>11,624,060</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,765,597</u>	<u>\$ 5,515,100</u>	<u>\$ (2,782,500)</u>	<u>\$ 15,498,197</u>

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

6) CAPITAL ASSETS AND DEPRECIATION - Continued

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

General Government	\$ 87,929
Public Safety	13,933
Public Works	758,811
Community Development	14,798
Community Services	454,013
Recreation	<u>105,176</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,434,660</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Fiduciary Funds				
Capital Assets Not Being Depreciated:				
Land	\$ 15,945,987	\$ -	\$ 7,259,700	\$ 8,686,287
 Total Capital Assets Not Being Depreciated	 <u>\$ 15,945,987</u>	 <u>\$ -</u>	 <u>\$ 7,259,700</u>	 <u>\$ 8,686,287</u>

7) LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2016, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 287,870	\$ 128,750	\$ 140,810	\$ 275,810	\$ 43,637
Capital Lease - Energy Retrofit	332,281	-	53,848	278,433	56,598
SEAACA Payable	6,112	-	6,112	-	-
ERCD Loan Payable	-	1,868,754	-	1,868,754	-
Net OPEB Obligation	208,738	150,143	10,130	348,751	-
Net Pension Liability	<u>4,322,195</u>	<u>1,768,827</u>	<u>528,354</u>	<u>5,562,668</u>	<u>-</u>
Total	<u>\$ 5,157,196</u>	<u>\$ 3,916,474</u>	<u>\$ 739,254</u>	<u>\$ 8,334,416</u>	<u>\$ 100,235</u>

A) Employee Compensated Absences

There is no fixed payment schedule for employee compensated absences. This liability is expected to be funded by the General Fund.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

7) LONG-TERM DEBT - Continued

B) Capital Leases

Energy Retrofit Lease

As part of the Los Angeles County's Energy Conservation Measures, the City started its facility modernization project in 2005 by contracting for a turnkey energy retrofit of its City Hall, Pool Facility, Community Center, Senior Center, Mini Center, and Maintenance Building. Total amount financed of \$752,786 includes \$12,939 of capitalized interest, with the remaining \$739,848 and \$542,420 accounted for in equipment and accumulated depreciation, respectively. The lease payments are amortized over 15 years. Annual payment requirements are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 56,598	\$ 12,611	\$ 69,209
2018	59,487	9,721	69,208
2019	62,525	6,684	69,209
2020	65,717	3,492	69,209
2021	34,106	498	34,604
Totals	<u>\$ 278,433</u>	<u>\$ 33,006</u>	<u>\$ 311,439</u>

C) SEAACA Payable

The City entered into an agreement with the South East Area Animal Control Association (SEAACA) to share in the costs of constructing a new animal shelter facility. The maximum amount to be contributed by the City under this agreement is \$124,938 and is amortized over a 15-year period at 7 percent interest. The loan was repaid in full during the fiscal year ended June 30, 2016.

C) ERCDC Loan Payable

The City entered into a loan agreement with the Energy Resources Conservation and Development Commission (ERCDC) to install solar photovoltaic systems on City owned facilities for up to \$2,307,104. The amount of the loan will be based on eligible project costs and issued on a reimbursement basis. The loan matures over 20 years with an interest rate of 1.00%. As of June 30, 2016 the City has been issued \$1,868,754 in loan proceeds and will be repaid from the General Fund. The project is estimated to save the City approximately \$135,000 in annual electricity costs. Subsequent to the end of fiscal year ended June 30, 2016, the remaining amount of the loan was drawn down by the City. The below listed repayment schedule includes the full amount of the loan, however, as of June 30, 2016, only \$1,868,754 was due and payable.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

7) LONG-TERM DEBT - Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ -	\$ -	\$ -
2018	89,136	45,823	134,959
2019	113,060	21,899	134,959
2020	114,138	20,821	134,959
2021	115,338	19,621	134,959
2022	116,494	18,465	134,959
2023	117,662	17,297	134,959
2024	118,798	16,161	134,959
2025	120,033	14,926	134,959
2026	121,236	13,723	134,959
2027	122,452	12,507	134,959
2028	123,649	11,310	134,959
2029	124,919	10,040	134,959
2030	126,171	8,788	134,959
2031	127,436	7,523	134,959
2032	128,697	6,262	134,959
2033	130,004	4,955	134,959
2034	131,307	3,652	134,959
2035	132,623	2,336	134,959
2036	133,951	1,008	134,959
Totals	<u>\$ 2,307,104</u>	<u>\$ 257,117</u>	<u>\$ 2,564,221</u>

D) Fiduciary Fund Long-term Debt

The following is a schedule of changes in long-term debt of the Fiduciary fund for the fiscal year ended June 30, 2016:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax Allocation Bonds:					
2007 Series A	\$ 7,860,000	\$ -	\$ 425,000	\$ 7,435,000	\$ 450,000
2007 Series A Discount	(45,622)	-	(3,776)	(41,846)	-
2014 Series A	6,950,000	-	-	6,950,000	-
2014 Series A Discount	(164,736)	-	(7,488)	(157,248)	-
2015 Series A	8,985,000	-	-	8,985,000	-
2015 Series A Premium	288,367	-	14,418	273,949	-
2015 Series B	6,595,000	-	-	6,595,000	510,000
2015 Series B Discount	(64,142)	-	(5,831)	(58,311)	-
Kruse Loan Payable	569,895	-	569,895	-	-
Total	<u>\$ 30,973,762</u>	<u>\$ -</u>	<u>\$ 992,218</u>	<u>\$ 29,981,544</u>	<u>\$ 960,000</u>

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

7) LONG-TERM DEBT - Continued

2007 Tax Allocation Bonds

On February 21, 2007, the District issued the 2007 Tax Allocation (Merged Project Area) Bonds (the Bonds) in the amount of \$10,270,000. The Bonds were issued to finance various redevelopment activities and projects of the District. The project fund proceeds were deposited 47 percent in the Improvement District Capital Projects Areas 1, 2, 3 Fund, 39 percent in the Low/Mod Income Housing Set Aside Fund, and 14 percent in the Debt Service Fund. The Bonds are payable from and secured by a pledge of the District's tax increment revenues from the District's three project areas (merged project areas).

The 2007 Series A Bonds bear interest at rates ranging from 5.50 to 6.00 percent. Interest is due semi-annually on August 1, and February 1 of each year, commencing August 1, 2008. Principal payments are due annually on August 1, commencing on August 1, 2008. The Bonds are subject to mandatory sinking fund redemption commencing on August 1, 2008.

Debt service payments on the Bonds will be made from the Successor Agency Private-purpose Trust Fund. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 450,000	\$ 422,125	\$ 872,125
2018	470,000	396,825	866,825
2019	500,000	369,525	869,525
2020	525,000	340,057	865,057
2021	560,000	308,863	868,863
2022	590,000	275,800	865,800
2023	625,000	240,869	865,869
2024	660,000	203,100	863,100
2025	700,000	162,300	862,300
2026	740,000	119,100	859,100
2027	785,000	73,350	858,350
2028	830,000	24,900	854,900
Totals	<u>\$ 7,435,000</u>	<u>\$ 2,936,814</u>	<u>\$ 10,371,814</u>

The District has pledged a portion of future tax increment revenues to repay the \$10.2 million issued in 2007, as the source of repayment for the bonds. Tax increment revenues were projected to produce 145 percent to 267 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$10,371,814, payable through 2028.

2014A Tax Allocation Refunding Bonds

On July 2, 2014, the Successor Agency to the South El Monte Improvement District issued \$6,950,000 in Tax Allocation Refunding Bonds, 2014 Series A. The bonds were issued to refund all of the outstanding Tax Allocation Bonds, Series 2008A. As a result, the 2008A Tax Allocation Bonds are considered to be defeased and the liability has been removed from the statement of fiduciary net position. The 2008 bonds were issued to finance various projects for the redevelopment of the Merged Project Area.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

7) LONG-TERM DEBT - Continued

The 2014 bonds are payable from and secured by tax revenues as defined in the bond indenture. Interest on the 2014 bonds is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2015. Principal payments are due on August 1 of each year, beginning with August 1, 2028.

Debt service payments on the Bonds will be made from the Successor Agency Private-purpose Trust Fund. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ -	\$ 265,487	\$ 265,487
2018	-	265,488	265,488
2019	-	265,487	265,487
2020	-	265,488	265,488
2021	-	265,487	265,487
2022	-	265,488	265,488
2023	-	265,487	265,487
2024	-	265,488	265,488
2025	-	265,487	265,487
2026	-	265,488	265,488
2027	-	265,487	265,487
2028	-	265,488	265,488
2029	600,000	255,737	855,737
2030	620,000	235,138	855,138
2031	640,000	212,687	852,687
2032	670,000	188,944	858,944
2033	690,000	163,000	853,000
2034	715,000	134,900	849,900
2035	750,000	105,600	855,600
2036	775,000	75,100	850,100
2037	1,490,000	29,800	1,519,800
Totals	<u>\$ 6,950,000</u>	<u>\$ 4,586,756</u>	<u>\$ 11,536,756</u>

2015 Tax Allocation Refunding Bonds, Series A and B

On May 13, 2015, the Successor Agency to the South El Monte Improvement District issued \$8,985,000 in Tax Allocation Refunding Bonds, Series A, and \$6,595,000 in Tax Allocation Refunding Bonds, Series B. The 2015 Series A bonds were issued to refund all of the outstanding 2005 Tax Allocation Bonds, Series A. The 2015 Series B bonds were issued refund all of the outstanding 2005 Tax Allocation Bonds, Series B. As a result, the 2005 Tax Allocation Bonds, Series A and B, are considered to be defeased and the liability has been removed from the statement of fiduciary net position. The 2005 bonds were issued to finance various projects for the redevelopment of the Merged Project Area.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

7) LONG-TERM DEBT - Continued

The 2015 Series A and B bonds are payable from and secured by tax revenues as defined in the bond indenture. Interest on the 2015 bonds is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2016. Principal payments are due on August 1 of each year, beginning with August 1, 2017 for the Series A bonds and August 1, 2016 for the Series B bonds. Debt service on the Bonds will be made from the Successor Agency Private-purpose Trust Fund.

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	2015 Series A		
	Principal	Interest	Total
2017	\$ -	\$ 366,226	\$ 366,226
2018	40,000	365,825	405,825
2019	45,000	364,975	409,975
2020	50,000	364,026	414,026
2021	45,000	363,075	408,075
2022	45,000	362,175	407,175
2023	45,000	361,219	406,219
2024	50,000	360,087	410,087
2025	50,000	358,806	408,806
2026	50,000	357,400	407,400
2027	55,000	355,825	410,825
2028	820,000	342,188	1,162,188
2029	840,000	315,725	1,155,725
2030	870,000	287,393	1,157,393
2031	900,000	256,962	1,156,962
2032	930,000	224,356	1,154,356
2033	960,000	183,500	1,143,500
2034	1,010,000	134,250	1,144,250
2035	1,065,000	82,375	1,147,375
2036	1,115,000	27,875	1,142,875
Totals	<u>\$ 8,985,000</u>	<u>\$ 5,834,263</u>	<u>\$ 14,819,263</u>

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

7) LONG-TERM DEBT - Continued

Fiscal Year Ending June 30,	2015 Series B		
	Principal	Interest	Total
2017	\$ 510,000	\$ 170,769	\$ 680,769
2018	545,000	181,431	726,431
2019	550,000	171,981	721,981
2020	560,000	160,318	720,318
2021	575,000	146,472	721,472
2022	595,000	130,000	725,000
2023	610,000	111,162	721,162
2024	625,000	90,312	715,312
2025	650,000	67,188	717,188
2026	675,000	41,500	716,500
2027	700,000	14,000	714,000
Totals	<u>\$ 6,595,000</u>	<u>\$ 1,285,133</u>	<u>\$ 7,880,133</u>

Kruse Loan Payable

On September 16, 2009, the District entered into a purchase and sale agreement to purchase property owned by the Kruse Family Trust. The Kruse Family Trust loaned the District \$1,850,000 in exchange for title to the property. Payments are due annually beginning December 31, 2009 and continue to the maturity date of December 31, 2015. The stated interest rate is 6.50%. The loan was fully repaid during the year ended June 30, 2016.

8) GROUND LEASE

The District (now the Successor Agency) has entered into an agreement with a developer for the purpose of constructing a shopping center project. The date of the agreement was September 27, 2007. The lease term is 55 years from the date of the agreement with three (3) ten (10) year options. The agreement includes the use of land (owned by the District) by the developer in exchange for lease rental payments.

The lease rental payments by the developer are dependent on the developer earning income ratios higher than a specific amount established in the agreement and amendments to the agreement with the District. The amount of future lease rental payments could not be estimated due to these income limitations and as such have not been recognized as a receivable in the Statement of Fiduciary Net Position.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

9) FUND BALANCE

The details of the fund balances as of June 30, 2016 are presented below:

	General Fund	CalHOME Grant Special Revenue	Park Bond Grant Special Revenue	Sewer Assessment Special Revenue	Capital Improvement Capital Projects	Total Nonmajor Govt. Funds	Total Govt. Funds
Nonspendable:							
Prepays	\$ 20,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,593
Restricted for:							
Transportation	-	-	-	-	-	1,630,865	1,630,865
Street Projects	-	-	-	-	990,992	659,262	1,650,254
Public Works	-	-	-	-	-	232,252	232,252
Community Development	-	-	-	-	-	1,915	1,915
PEG	-	-	-	-	-	47,653	47,653
Sewer Projects	-	-	-	1,542,652	-	-	1,542,652
Housing Grants	-	1,600,652	-	-	-	252,000	1,852,652
Committed to:	-	-	-	-	-	-	-
Assigned to:	-	-	-	-	-	-	-
Unassigned	3,896,625	-	(127,015)	-	-	-	3,769,610
Total Fund Balance	<u>\$ 3,917,218</u>	<u>\$ 1,600,652</u>	<u>\$ (127,015)</u>	<u>\$ 1,542,652</u>	<u>\$ 990,992</u>	<u>\$ 2,823,947</u>	<u>\$ 10,748,446</u>

The unassigned category above encompasses fund designations that do not satisfy the criteria of the other categories presented. The \$3,896,625 reported in the General Fund includes the council approved economic stabilization amount of \$2,856,383.

10) PENSION PLAN

General Information about the Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pool. Accordingly, rate plans within the miscellaneous pool are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous pool. The City sponsors three rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

10) PENSION PLAN - Continued

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2014 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

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

	Miscellaneous	Miscellaneous PEPRA	Miscellaneous PEPRA
	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Hire date	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	60	62
Monthly benefits, as a % of eligible compensat	Highest single year	Highest single year	3-year average
Required employee contribution rates	8%	7%	6.250%
Required employer contribution rates	9.671% + \$416,775	7.163%	6.237%

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

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$416,775 in fiscal year 2016.

The City’s contributions to the Plan for the year ended June 30, 2016 were \$645,929.

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

As of June 30, 2016, the City reported a liability of \$5,562,668 for its proportionate share of the net pension liability. The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2015 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

10) PENSION PLAN - Continued

The City's proportionate share of the Plan's net pension liability as of June 30, 2014 and 2015 was as follows:

Proportion - June 30, 2014	0.1749%
Proportion - June 30, 2015	0.2030%
Change - Increase (Decrease)	0.0281%

For the year ended June 30, 2016, the City recognized pension expense of \$270,286. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 645,929	\$ -
Differences between actual and expected experience	30,149	-
Changes in assumptions	-	285,240
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	518,966	132,178
Net differences between projected and actual earnings on plan investments	-	142,994
	<u> </u>	<u> </u>
Total	<u>\$ 1,195,044</u>	<u>\$ 560,412</u>

Items reported in the amount of \$645,929 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	
2017	\$ (64,342)
2018	(67,571)
2019	(87,818)
2020	208,434
2021	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

10) PENSION PLAN - Continued

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.65%
Mortality	(2)

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

(2) Derived using CalPERS' Membership Data for all Funds.

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

Change of Assumptions - GASB 68, paragraph 68 states that the long 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 of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB 68 Crossover Testing Report” that can be obtained at CalPERS’s website under the GASB 68 section.

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

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.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

10) PENSION PLAN – Continued

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%

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

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

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

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

1% Decrease	6.65%
Net Pension Liability	\$ 9,328,982
Current Discount Rate	7.65%
Net Pension Liability	\$ 5,562,668
1% Increase	8.65%
Net Pension Liability	\$ 2,453,138

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

10) PENSION PLAN – Continued

Pension Plan Fiduciary Net Position – Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2016, the City reported no payables due to the pension plan, for outstanding contributions required for the year ended June 30, 2016.

11) OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City’s single-employer defined benefit postemployment healthcare plan, (DHP), provides medical benefits to eligible retired City employees and spouses through PERS Health. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees’ Retirement Law. DPHP selects optional benefit provisions from the benefit menu by contract with PERS Health and adopts those benefits through City resolution. The DPHP does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the Council. The City contributes \$122 per retiree electing PERS health per month.

Annual OPEB Cost

For 2016, the City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	177,035
Interest on net OPEB obligation		59,595
Adjustment to annual required contribution		(86,487)
Annual OPEB cost (expense)		150,143
Contributions made		(10,130)
Increase in net OPEB obligation		140,013
Net OPEB obligation – beginning of the year		208,738
Net OPEB obligation – end of the year	\$	348,751

The City’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2016 is as follows:

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

11) OTHER POST EMPLOYMENT BENEFITS - Continued

THREE-YEAR TREND INFORMATION			
Fiscal Year	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/16	\$ 150,143	7%	\$ 348,751
6/30/15	\$ 177,035	6%	\$ 208,738
6/30/14	\$ 20,540	48%	\$ 43,057

The net OPEB obligation will be financed by the General Fund.

Funded Status and Funding Progress

As of July 1, 2015, the actuarial valuation accrued liability for benefits was \$1,495,541, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,998,272 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 19 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 trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The measurement method used is the projected unit method. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at June 30, 2016 was 30 years.

The following is a summary of the actuarial assumptions and methods:

Valuation Date	July 1, 2015
Retirement Age	55
Discount Rate	0.04
Inflation Rate	0.03
HealthCare trend rates (initial, ultimate)	0.08, 0.05
Dental	0.04
Vision (tied to dental)	0.04
Other (tied to dental)	0.04
Age-adjustment factor	0.03
Cap inflator (full inflation)	-1
Percent of Retirees with Spouses	0.5

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

12) INSURANCE

A) Description of Participation in the California Joint Powers Insurance Authority

The City of South El Monte is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other lines of coverage. The Authority's pool 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 9-member Executive Committee.

Self-Insurance Programs of the Authority

Each member government pays an annual contribution to cover estimated losses for the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required. The total funding requirement for self-insurance programs is estimated using the actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to the other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

General Liability - In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

12) INSURANCE - Continued

Workers Compensation - In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

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

Purchased Insurance

Pollution Legal Liability Insurance - The City of South El Monte participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of South El Monte. 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 South El Monte participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of South El Monte property is currently insured according to a schedule of covered property submitted by the City of South El Monte to the Authority. City of South El Monte property currently has all-risk property insurance protection in the amount of \$23,375,008. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance - The City of South El Monte purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of South El Monte property currently has earthquake protection in the amount of \$11,738,037. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance - The City of South El Monte purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is arranged by the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

Special Event Tenant User Liability Insurance - The City of South El Monte further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premiums is paid by the tenant user and its paid to the City of South El Monte according to a schedule. The City of South El Monte then pays for the insurance. The insurance is arranged by the Authority.

City of South El Monte
Notes to Financial Statements
Year Ended June 30, 2016

12) INSURANCE - Continued

B) Summary Disclosure of Self-Insurance Losses

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City currently reports all of its risk management activities in its General Fund.

During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year. The City has no material claims that it is aware of that would require additional loss provisions in the financial statements.

13) CONTINGENCIES AND COMMITMENTS

In the normal course of operations, the City has been named as a defendant in various claims and legal actions. In the opinion of management and legal counsel, the ultimate liability for these actions and claims will not have a material adverse effect on the City's basic financial statements.

The City participates in several federal, state and county programs. These programs are subject to examination by the grantors and the amount, if any, of expenditures, which may be disallowed by the granting and funding agencies, cannot be determined at this time.

14) PROPERTY TAXES

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

Lien Date	January 1
Due Date	November 1 and February 1
Delinquent Date	December 10 and April 10

15) PRIOR PERIOD ADJUSTMENTS

The prior period adjustment of \$232,989 in the General Fund and Nonmajor Governmental Funds – Gas Tax is the result of unallowed charges to the Gas Tax fund in prior years that should have been spent from General Fund monies.

REQUIRED SUPPLEMENTARY INFORMATION

City of South El Monte
Required Supplementary Information
Year Ended June 30, 2016

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Last 10 Years***

	<u>Measurement Date</u>	
	2015	2014
Proportion of the Net Pension Liability	0.20276%	0.17490%
Proportionate Share of Net Pension Liability	\$ 5,562,668	\$ 4,322,198
Covered - Employee Payroll	\$ 2,225,083	\$ 2,082,997
Proportionate Share of the Net Pension Liability as a percentage of Payroll	250.00%	207.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.88%	81.44%

Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability

Benefit Changes: 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 in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

*Fiscal year 2015 is the first year of implementation, therefore not all 10 years of information are available.

City of South El Monte
Required Supplementary Information
Year Ended June 30, 2016

SCHEDULE OF PLAN CONTRIBUTIONS
Last 10 Years*

	2016	2015
Contractually Required Contributions (actuarially determined)	\$ 645,929	\$ 518,289
Contributions in Relation to the Actuarially Determined Contributions	(645,929)	(518,289)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll	\$ 2,452,453	\$ 2,225,083
Contributions as a Percentage of Covered Employee Payroll	26.34%	23.29%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2014

Changes in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

*Fiscal year 2015 is the first year of implementation, therefore not all 10 years of information are available.

City of South El Monte
Required Supplementary Information
Year Ended June 30, 2016

SCHEDULE OF FUNDING PROGRESS FOR DPHP

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
07/01/15	\$ -	\$ 1,495,541	\$ 1,495,541	0%	\$ 2,998,272	50%
07/01/11	\$ -	\$ 236,521	\$ 236,521	0%	\$ 2,365,770	10%

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 8,662,500	\$ 8,662,500	\$ 9,173,264	\$ 510,764
Licenses & Permits	1,268,900	1,268,900	1,037,642	(231,258)
Fines & Forfeitures	267,500	267,500	261,638	(5,862)
Use of Money and Property	40,000	40,000	56,955	16,955
Charges for Services	369,100	369,100	312,930	(56,170)
Intergovernmental	2,148,720	2,148,720	2,716,961	568,241
Other Revenues	16,500	16,500	21,611	5,111
	<u>12,773,220</u>	<u>12,773,220</u>	<u>13,581,001</u>	<u>807,781</u>
Total Revenues				
EXPENDITURES				
Current:				
General Government	3,297,802	3,519,833	3,502,360	17,473
Public Safety	4,270,981	4,295,348	4,388,676	(93,328)
Community Development	1,926,414	2,001,366	1,968,480	32,886
Public Works	1,622,875	1,659,521	1,531,561	127,960
Community Service Program	2,110,524	2,145,426	2,279,865	(134,439)
Debt Service:				
Principal	60,000	60,000	59,960	40
Interest	15,500	15,500	15,498	2
	<u>13,304,096</u>	<u>13,696,994</u>	<u>13,746,400</u>	<u>(49,406)</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	<u>(530,876)</u>	<u>(923,774)</u>	<u>(165,399)</u>	<u>758,375</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	15,702	15,702
Transfers Out	(50,000)	(144,360)	(2,146,668)	(2,002,308)
Proceeds from Loan	-	-	1,868,754	1,868,754
	<u>(50,000)</u>	<u>(144,360)</u>	<u>(262,212)</u>	<u>(117,852)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(580,876)	(1,068,134)	(427,611)	640,523
Fund Balance, Beginning of Year	4,577,818	4,577,818	4,577,818	-
Prior Period Adjustments	-	-	(232,989)	(232,989)
Fund Balance, End of Year	<u>\$ 3,996,942</u>	<u>\$ 3,509,684</u>	<u>\$ 3,917,218</u>	<u>\$ 407,534</u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - CalHOME Grant Special Revenue Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,500,000	\$ 1,500,000	\$ 485,417	\$ (1,014,583)
Use of Money and Property	-	-	135	135
Total Revenues	<u>1,500,000</u>	<u>1,500,000</u>	<u>485,552</u>	<u>(1,014,448)</u>
EXPENDITURES				
Current:				
Community Service Programs	<u>500,000</u>	<u>1,500,000</u>	<u>21,639</u>	<u>1,478,361</u>
Total Expenditures	<u>500,000</u>	<u>1,500,000</u>	<u>21,639</u>	<u>1,478,361</u>
Excess (Deficiency) of Revenues over Expenditures	1,000,000	-	463,913	463,913
Fund Balance, Beginning of Year	<u>1,136,739</u>	<u>1,136,739</u>	<u>1,136,739</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,136,739</u></u>	<u><u>\$ 1,136,739</u></u>	<u><u>\$ 1,600,652</u></u>	<u><u>\$ 463,913</u></u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Park Bond Grant Special Revenue Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 219,470	\$ 219,470	\$ 106,473	\$ (112,997)
Use of Money and Property	-	-	-	-
Total Revenues	<u>219,470</u>	<u>219,470</u>	<u>106,473</u>	<u>(112,997)</u>
EXPENDITURES				
Current:				
Community Service Programs	<u>11,470</u>	<u>11,470</u>	<u>672</u>	<u>10,798</u>
Total Expenditures	<u>11,470</u>	<u>11,470</u>	<u>672</u>	<u>10,798</u>
Excess (Deficiency) of Revenues over Expenditures	<u>208,000</u>	<u>208,000</u>	<u>105,801</u>	<u>(102,199)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	<u>(208,000)</u>	<u>(208,000)</u>	<u>(37,449)</u>	<u>170,551</u>
Total Other Financing Sources (Uses)	<u>(208,000)</u>	<u>(208,000)</u>	<u>(37,449)</u>	<u>170,551</u>
Net Change in Fund Balance	-	-	68,352	68,352
Fund Balance, Beginning of Year	<u>(195,367)</u>	<u>(195,367)</u>	<u>(195,367)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (403,367)</u>	<u>\$ (403,367)</u>	<u>\$ (127,015)</u>	<u>\$ 276,352</u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Sewer Assessment Special Revenue Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 1,500	\$ 1,500	\$ 3,362	\$ 1,862
Special Assessments	392,540	392,540	396,826	4,286
Total Revenues	<u>394,040</u>	<u>394,040</u>	<u>400,188</u>	<u>6,148</u>
EXPENDITURES				
Current:				
Public Works	136,330	136,330	40,184	96,146
Total Expenditures	<u>136,330</u>	<u>136,330</u>	<u>40,184</u>	<u>96,146</u>
Excess (Deficiency) of Revenues over Expenditures	<u>257,710</u>	<u>257,710</u>	<u>360,004</u>	<u>102,294</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(636,590)	(636,590)	(57,075)	579,515
Total Other Financing Sources (Uses)	<u>(636,590)</u>	<u>(636,590)</u>	<u>(57,075)</u>	<u>579,515</u>
Net Change in Fund Balance	(378,880)	(378,880)	302,929	681,809
Fund Balance, Beginning of Year	<u>1,239,723</u>	<u>1,239,723</u>	<u>1,239,723</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (154,627)</u>	<u>\$ (154,627)</u>	<u>\$ 1,542,652</u>	<u>\$ 1,697,279</u>

City of South El Monte
Notes to Required Supplementary Information
Year Ended June 30, 2016

The Budgetary comparison schedules are presented as Required Supplementary Information for the General Fund and major Special Revenue Funds as required by GASB Statement No. 34. However, the City did not budget for the BEGIN Grant Special Revenue fund. The budgetary comparison schedules for the remaining major funds are presented to aid in additional analysis and are not a required part of the basic financial statements.

SUPPLEMENTARY INFORMATION

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Capital Improvement Capital Projects Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,813,400	\$ 652,844	\$ (1,160,556)
Other Revenues	-	-	-
Total Revenues	<u>1,813,400</u>	<u>652,844</u>	<u>(1,160,556)</u>
EXPENDITURES			
Capital Outlay	-	3,604,163	(3,604,163)
Total Expenditures	<u>-</u>	<u>3,604,163</u>	<u>(3,604,163)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,813,400</u>	<u>(2,951,319)</u>	<u>(4,764,719)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	2,656,222	2,623,361	(32,861)
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>2,656,222</u>	<u>2,623,361</u>	<u>(32,861)</u>
Net Change in Fund Balance	4,469,622	(327,958)	(4,797,580)
Fund Balance, Beginning of Year	<u>1,318,950</u>	<u>1,318,950</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 5,788,572</u></u>	<u><u>\$ 990,992</u></u>	<u><u>\$ (4,797,580)</u></u>

City of South El Monte
Non-Major Governmental Funds
June 30, 2016

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for taxes and other revenue set-aside in accordance with law or administrative regulation for a specific purpose.

State Gas Tax Fund - This fund accounts for funds collected from the State of California, which are used for street construction, street maintenance and engineering, and administration costs.

Older American Act Fund - This fund accounts for Federal grants received through Los Angeles County, which are used to finance senior citizen nutrition programs.

Maintenance District Fund - This fund accounts for the reimbursement of one-half of the cost to maintain the Rosemead Boulevard maintenance district and 100 percent of the cost of maintaining the Hayward Tract maintenance district.

Air Quality Management Fund - This fund account for the City's share of automobile registration fees collected by the South Coast Air Quality management District from the State. The funds are used in improving transportation systems and reduce the reliance of private vehicles.

State Deferred Loan Program Fund - This fund accounts for grants to be used for loans to City residents for registration improvements. A budget for 2008-2009 was not adopted for this fund.

Community Development Block Grant Fund - This fund accounts for Community Development Block Grants received from the United States Department of Housing and Urban Development.

Prop A Transportation Funds - This fund accounts for the City's share of additional sales tax collected in the County of Los Angeles as a result of Proposition A. The funds are used to finance public transportation projects.

Prop C Transportation Funds - This fund accounts for the City's share of additional sales tax collected in the County of Los Angeles as a result of voter approved Proposition C to be used for public transportation improvement projects.

State COPS Grant Fund - This fund accounts for the proceeds from the COPS grant.

Used Oil Block Grant Fund - This fund accounts for grant funds received from the California Integrated Waste Management Board to encourage the recycling of used motor oil and other household chemicals.

Quimby In Lieu Fees Fund - This fund is used to account for park development impact fees.

PEG Fund - This fund is used to account for the Public Educational and Government fees collected by the City.

Miscellaneous Grants Fund - This fund accounts for asset seizure money restricted for law enforcement purposes.

Beverage Container Recycle Fund - This fund accounts for state grant funds to support recycling programs within the community.

City of South El Monte
Non-Major Governmental Funds - Continued
June 30, 2016

SPECIAL REVENUE FUNDS - Continued

TDA – This fund accounts for revenues received from the Transportation Development Act that are to be used exclusively for transportation projects and improvements.

Measure R – This fund accounts for revenues received from Los Angeles County under Measure R that are to be used exclusively for transportation projects and improvements.

BEGIN Grant – This fund accounts for financial resources allocated to make deferred-payment second mortgage loans for qualified homebuyers.

City of South El Monte
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

	Special Revenue			
	State Gas Tax	Older American Act	Maintenance District	Air Quality Management
ASSETS				
Cash and Investments	\$ 104,881	\$ 5,000	\$ 28,781	\$ 89,686
Accounts Receivable	763	12,368	85	7,131
Loans Receivable	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Other Funds	170,412	-	-	-
Total Assets	<u>\$ 276,056</u>	<u>\$ 17,368</u>	<u>\$ 28,866</u>	<u>\$ 96,817</u>
LIABILITIES				
Accounts Payable	\$ 20,453	\$ 15,250	\$ -	\$ 284
Other Accrued Liabilities	-	1,268	-	-
Wages Payable	-	850	-	-
Total Liabilities	<u>20,453</u>	<u>17,368</u>	<u>-</u>	<u>284</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Accounts	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	255,603	-	28,866	96,533
Total Fund Balances (Deficits)	<u>255,603</u>	<u>-</u>	<u>28,866</u>	<u>96,533</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 276,056</u>	<u>\$ 17,368</u>	<u>\$ 28,866</u>	<u>\$ 96,817</u>

Special Revenue

State Deferred Loan Program	Community Development Block Grant	Prop A	Prop C	State COPS Grant	Used Oil Block Grant	Quimby In Lieu Fees
\$ 13,415	\$ -	\$ 393,960	\$ 1,249,074	\$ -	\$ 7,077	\$ 79,265
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 13,415</u>	<u>\$ -</u>	<u>\$ 393,960</u>	<u>\$ 1,249,074</u>	<u>\$ -</u>	<u>\$ 7,077</u>	<u>\$ 79,265</u>
\$ -	\$ -	\$ 2,206	\$ -	\$ -	\$ -	\$ 7,026
11,500	-	4,500	647	-	-	-
-	-	4,816	-	-	-	-
<u>11,500</u>	<u>-</u>	<u>11,522</u>	<u>647</u>	<u>-</u>	<u>-</u>	<u>7,026</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,915</u>	<u>-</u>	<u>382,438</u>	<u>1,248,427</u>	<u>-</u>	<u>7,077</u>	<u>72,239</u>
<u>1,915</u>	<u>-</u>	<u>382,438</u>	<u>1,248,427</u>	<u>-</u>	<u>7,077</u>	<u>72,239</u>
<u>\$ 13,415</u>	<u>\$ -</u>	<u>\$ 393,960</u>	<u>\$ 1,249,074</u>	<u>\$ -</u>	<u>\$ 7,077</u>	<u>\$ 79,265</u>

Continued

City of South El Monte
Combining Balance Sheet - Continued
Non-Major Governmental Funds
June 30, 2016

	Special Revenue			Begin Grant	Total Nonmajor Governmental Funds
	PEG	Beverage Container Recycle	Measure R		
ASSETS					
Cash and Investments	\$ 45,528	\$ 27,537	\$ 419,659	\$ -	\$ 2,463,863
Accounts Receivable	2,125	-	-	-	22,472
Loans Receivable	-	-	-	252,000	252,000
Due from Other Governments	-	-	52,000	-	52,000
Due from Other Funds	-	-	-	-	170,412
Total Assets	<u>\$ 47,653</u>	<u>\$ 27,537</u>	<u>\$ 471,659</u>	<u>\$ 252,000</u>	<u>\$ 2,960,747</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 16,000	\$ -	\$ 61,219
Other Accrued Liabilities	-	-	-	-	17,915
Wages Payable	-	-	-	-	5,666
Total Liabilities	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>84,800</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Accounts	-	-	52,000	-	52,000
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>52,000</u>	<u>-</u>	<u>52,000</u>
FUND BALANCES (DEFICITS)					
Restricted	47,653	27,537	403,659	252,000	2,823,947
Total Fund Balances (Deficits)	<u>47,653</u>	<u>27,537</u>	<u>403,659</u>	<u>252,000</u>	<u>2,823,947</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 47,653</u>	<u>\$ 27,537</u>	<u>\$ 471,659</u>	<u>\$ 252,000</u>	<u>\$ 2,960,747</u>

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City of South El Monte
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2016

	Special Revenue			
	State Gas Tax	Older American Act	Maintenance District	Air Quality Management
REVENUES				
Taxes	\$ -	\$ -	\$ 381	\$ -
Use of Money and Property	-	-	71	198
Charges for Services	-	-	-	-
Intergovernmental	454,858	215,757	-	26,418
Other Revenues	2,505	-	-	-
	<u>457,363</u>	<u>215,757</u>	<u>452</u>	<u>26,616</u>
Total Revenues	<u>457,363</u>	<u>215,757</u>	<u>452</u>	<u>26,616</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	62,577	-	-	-
Public Works	405,442	-	-	7,714
Community Service Programs	-	311,263	-	-
Capital Outlay	-	-	-	-
	<u>468,019</u>	<u>311,263</u>	<u>-</u>	<u>7,714</u>
Total Expenditures	<u>468,019</u>	<u>311,263</u>	<u>-</u>	<u>7,714</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,656)</u>	<u>(95,506)</u>	<u>452</u>	<u>18,902</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	95,506	-	-
Transfers Out	<u>(240,049)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(240,049)</u>	<u>95,506</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(250,705)	-	452	18,902
Fund Balances, Beginning of Year	273,319	-	28,414	77,631
Prior Period Adjustments	<u>232,989</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 255,603</u>	<u>\$ -</u>	<u>\$ 28,866</u>	<u>\$ 96,533</u>

Special Revenue

State Deferred Loan Program	Community Development Block Grant	Prop A	Prop C	State COPS Grant	Used Oil Block Grant	Quimby In Lieu Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	-	807	3,153	-	-	486
-	-	7,091	-	-	-	-
-	-	372,279	308,328	114,618	5,888	-
-	-	-	-	-	-	-
<u>33</u>	<u>-</u>	<u>380,177</u>	<u>311,481</u>	<u>114,618</u>	<u>5,888</u>	<u>486</u>
-	-	-	-	-	-	-
-	-	-	-	114,618	-	-
-	-	-	21,027	-	4,589	-
-	-	255,238	-	-	-	75,210
-	-	-	-	-	-	28,046
<u>-</u>	<u>-</u>	<u>255,238</u>	<u>21,027</u>	<u>114,618</u>	<u>4,589</u>	<u>103,256</u>
<u>33</u>	<u>-</u>	<u>124,939</u>	<u>290,454</u>	<u>-</u>	<u>1,299</u>	<u>(102,770)</u>
-	-	-	-	-	-	-
-	-	-	(194,033)	-	-	(57,553)
-	-	-	(194,033)	-	-	(57,553)
33	-	124,939	96,421	-	1,299	(160,323)
1,882	-	257,499	1,152,006	-	5,778	232,562
-	-	-	-	-	-	-
<u>\$ 1,915</u>	<u>\$ -</u>	<u>\$ 382,438</u>	<u>\$ 1,248,427</u>	<u>\$ -</u>	<u>\$ 7,077</u>	<u>\$ 72,239</u>

Continued

City of South El Monte
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Non-Major Governmental Funds
Year Ended June 30, 2016

	Special Revenue			Begin Grant	Total Nonmajor Governmental Funds
	PEG	Beverage Container Recycle	Measure R		
REVENUES					
Taxes	\$ -	\$ -	\$ 229,505	\$ -	\$ 229,886
Use of Money and Property	102	-	970	-	5,820
Charges for Services	-	-	-	-	7,091
Intergovernmental	-	5,657	72,000	-	1,575,803
Other Revenues	8,024	-	-	-	10,529
Total Revenues	8,126	5,657	302,475	-	1,829,129
EXPENDITURES					
Current:					
General Government	-	1,881	-	-	1,881
Public Safety	-	-	-	-	177,195
Public Works	-	-	215,143	-	653,915
Community Service Programs	-	-	-	-	641,711
Capital Outlay	-	-	-	-	28,046
Total Expenditures	-	1,881	215,143	-	1,502,748
Excess (Deficiency) of Revenues Over Expenditures	8,126	3,776	87,332	-	326,381
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	95,506
Transfers Out	-	-	(1,742)	-	(493,377)
Total Other Financing Sources (Uses)	-	-	(1,742)	-	(397,871)
Net Change in Fund Balances	8,126	3,776	85,590	-	(71,490)
Fund Balances, Beginning of Year	39,527	23,761	318,069	252,000	2,662,448
Prior Period Adjustments	-	-	-	-	232,989
Fund Balances, End of Year	\$ 47,653	\$ 27,537	\$ 403,659	\$ 252,000	\$ 2,823,947

City of South El Monte
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - State Gas Tax Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 484,953	\$ 454,858	\$ (30,095)
Other Revenues	-	2,505	2,505
Total Revenues	<u>484,953</u>	<u>457,363</u>	<u>(27,590)</u>
EXPENDITURES			
Current:			
Public Safety	-	62,577	(62,577)
Public Works	410,880	405,442	5,438
Total Expenditures	<u>410,880</u>	<u>468,019</u>	<u>(57,139)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>74,073</u>	<u>(10,656)</u>	<u>(84,729)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(277,900)	(240,049)	37,851
Total Other Financing Sources (Uses)	<u>(277,900)</u>	<u>(240,049)</u>	<u>37,851</u>
Net Change in Fund Balance	(203,827)	(250,705)	(46,878)
Fund Balance, Beginning of Year	273,319	273,319	-
Prior Period Adjustments	-	232,989	232,989
Fund Balance, End of Year	<u><u>\$ 69,492</u></u>	<u><u>\$ 255,603</u></u>	<u><u>\$ 186,111</u></u>

City of South El Monte
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Older American Act Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 249,460	\$ 215,757	\$ (33,703)
Other Revenues	-	-	-
Total Revenues	<u>249,460</u>	<u>215,757</u>	<u>(33,703)</u>
EXPENDITURES			
Current:			
Community Service Programs	<u>305,320</u>	<u>311,263</u>	<u>(5,943)</u>
Total Expenditures	<u>305,320</u>	<u>311,263</u>	<u>(5,943)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(55,860)</u>	<u>(95,506)</u>	<u>(39,646)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>55,860</u>	<u>95,506</u>	<u>39,646</u>
Total Other Financing Sources (Uses)	<u>55,860</u>	<u>95,506</u>	<u>39,646</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Maintenance District Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 381	\$ 381
Use of Money and Property	-	71	71
Total Revenues	<u>-</u>	<u>452</u>	<u>452</u>
EXPENDITURES			
Current:			
Public Works	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>452</u>	<u>452</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	452	452
Fund Balance, Beginning of Year	<u>28,414</u>	<u>28,414</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 28,414</u></u>	<u><u>\$ 28,866</u></u>	<u><u>\$ 452</u></u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Air Quality Management Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ 200	\$ 198	\$ (2)
Intergovernmental	24,000	26,418	2,418
Total Revenues	<u>24,200</u>	<u>26,616</u>	<u>2,416</u>
EXPENDITURES			
Current:			
Public Works	11,010	7,714	3,296
Capital Outlay	58,350	-	58,350
Total Expenditures	<u>69,360</u>	<u>7,714</u>	<u>61,646</u>
Excess (Deficiency) of Revenues over Expenditures	(45,160)	18,902	64,062
OTHER FINANCING SOURCES (USES)			
Transfers In	8,500	-	(8,500)
Total Other Financing Sources (Uses)	<u>8,500</u>	<u>-</u>	<u>(8,500)</u>
Net Change in Fund Balance	(36,660)	18,902	55,562
Fund Balance, Beginning of Year	<u>77,631</u>	<u>77,631</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 40,971</u>	<u>\$ 96,533</u>	<u>\$ 102,624</u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - State Deferred Loan Program Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ -	\$ 33	\$ 33
Total Revenues	<u>-</u>	<u>33</u>	<u>33</u>
Excess (Deficiency) of Revenues over Expenditures	-	33	33
Fund Balance, Beginning of Year	<u>1,882</u>	<u>1,882</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,882</u></u>	<u><u>\$ 1,915</u></u>	<u><u>\$ 33</u></u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Community Development Block Grant Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 495,610	\$ -	\$ (495,610)
Total Revenues	<u>495,610</u>	<u>-</u>	<u>(495,610)</u>
EXPENDITURES			
Current:			
Community Service Programs	28,010	-	28,010
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>28,010</u>	<u>-</u>	<u>28,010</u>
Excess (Deficiency) of Revenues over Expenditures	<u>467,600</u>	<u>-</u>	<u>(467,600)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>(467,600)</u>	<u>-</u>	<u>467,600</u>
Total Other Financing Sources (Uses)	<u>(467,600)</u>	<u>-</u>	<u>467,600</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Prop A Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ 200	\$ 807	\$ 607
Charges for Services	6,500	7,091	591
Intergovernmental	368,846	372,279	3,433
Other Revenues	-	-	-
Total Revenues	<u>375,546</u>	<u>380,177</u>	<u>4,631</u>
EXPENDITURES			
Current:			
Community Service Program	279,350	255,238	24,112
Capital Outlay	-	-	-
Total Expenditures	<u>279,350</u>	<u>255,238</u>	<u>24,112</u>
Excess (Deficiency) of Revenues over Expenditures	<u>96,196</u>	<u>124,939</u>	<u>28,743</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	96,196	124,939	28,743
Fund Balance, Beginning of Year	<u>257,499</u>	<u>257,499</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 353,695</u></u>	<u><u>\$ 382,438</u></u>	<u><u>\$ 28,743</u></u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Prop C Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ 1,000	\$ 3,153	\$ 2,153
Intergovernmental	305,948	308,328	2,380
Total Revenues	<u>306,948</u>	<u>311,481</u>	<u>4,533</u>
EXPENDITURES			
Current:			
Public Works	<u>43,590</u>	<u>21,027</u>	<u>22,563</u>
Total Expenditures	<u>43,590</u>	<u>21,027</u>	<u>22,563</u>
Excess (Deficiency) of Revenues over Expenditures	<u>263,358</u>	<u>290,454</u>	<u>27,096</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(786,872)</u>	<u>(194,033)</u>	<u>592,839</u>
Total Other Financing Sources (Uses)	<u>(786,872)</u>	<u>(194,033)</u>	<u>592,839</u>
Net Change in Fund Balance	(523,514)	96,421	619,935
Fund Balance, Beginning of Year	<u>1,152,006</u>	<u>1,152,006</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 628,492</u></u>	<u><u>\$ 1,248,427</u></u>	<u><u>\$ 619,935</u></u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - State COPS Grant Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ -	\$ -	\$ -
Intergovernmental	100,000	114,618	14,618
Total Revenues	100,000	114,618	14,618
EXPENDITURES			
Public Safety	100,000	114,618	(14,618)
Total Expenditures	100,000	114,618	(14,618)
Excess (Deficiency) of Revenues over Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Used Oil Block Grant Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ -	\$ -	\$ -
Intergovernmental	5,800	5,888	88
Total Revenues	<u>5,800</u>	<u>5,888</u>	<u>88</u>
EXPENDITURES			
Current:			
Public Works	5,800	4,589	1,211
Capital Outlay	-	-	-
Total Expenditures	<u>5,800</u>	<u>4,589</u>	<u>1,211</u>
Excess (Deficiency) of Revenues over Expenditures	-	1,299	1,299
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	1,299	1,299
Fund Balance, Beginning of Year	<u>5,778</u>	<u>5,778</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 5,778</u></u>	<u><u>\$ 7,077</u></u>	<u><u>\$ 1,299</u></u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Quimby In Lieu Fees Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Use of Money and Property	\$ 300	\$ 486	\$ 186
Taxes	10,000	-	(10,000)
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	10,300	486	(9,814)
	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES			
Current:			
Community Service Programs	106,600	75,210	31,390
Capital Outlay	57,965	28,046	29,919
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	164,565	103,256	61,309
	<u> </u>	<u> </u>	<u> </u>
Excess (Deficiency) of Revenues over Expenditures	(154,265)	(102,770)	51,495
	<u> </u>	<u> </u>	<u> </u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	(28,060)	(57,553)	(29,493)
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	(28,060)	(57,553)	(29,493)
	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balances	(182,325)	(160,323)	22,002
	<u> </u>	<u> </u>	<u> </u>
Fund Balance, Beginning of Year	232,562	232,562	-
	<u> </u>	<u> </u>	<u> </u>
Fund Balance, End of Year	\$ 50,237	\$ 72,239	\$ 22,002
	<u> </u>	<u> </u>	<u> </u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - PEG Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ 50	\$ 102	\$ 52
Other Revenues	6,500	8,024	1,524
Total Revenues	<u>6,550</u>	<u>8,126</u>	<u>1,576</u>
Net Change in Fund Balance	6,550	8,126	1,576
Fund Balance, Beginning of Year	<u>39,527</u>	<u>39,527</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 46,077</u></u>	<u><u>\$ 47,653</u></u>	<u><u>\$ 1,576</u></u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Beverage Container Recycle Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ -	\$ -	\$ -
Intergovernmental	5,000	5,657	657
Total Revenues	<u>5,000</u>	<u>5,657</u>	<u>657</u>
EXPENDITURES			
Current:			
General Government	<u>5,500</u>	<u>1,881</u>	<u>3,619</u>
Total Expenditures	<u>5,500</u>	<u>1,881</u>	<u>3,619</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(500)</u>	<u>3,776</u>	<u>4,276</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(500)	3,776	4,276
Fund Balance, Beginning of Year	<u>23,761</u>	<u>23,761</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 23,261</u></u>	<u><u>\$ 27,537</u></u>	<u><u>\$ 4,276</u></u>

City of South El Monte
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Measure R Special Revenue Fund
Year Ended June 30, 2016

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 229,464	\$ 229,505	\$ 41
Use of Money and Property	500	970	470
Intergovernmental	-	72,000	72,000
Total Revenues	<u>229,964</u>	<u>302,475</u>	<u>72,511</u>
EXPENDITURES			
Current:			
Public Works	<u>225,000</u>	<u>215,143</u>	<u>9,857</u>
Total Expenditures	<u>225,000</u>	<u>215,143</u>	<u>9,857</u>
Excess (Deficiency) of Revenues over Expenditures	4,964	87,332	82,368
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(171,200)</u>	<u>(1,742)</u>	<u>169,458</u>
Total Other Financing Sources (Uses)	<u>(171,200)</u>	<u>(1,742)</u>	<u>169,458</u>
Net Change in Fund Balances	(166,236)	85,590	251,826
Fund Balance, Beginning of Year	<u>318,069</u>	<u>318,069</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 151,833</u></u>	<u><u>\$ 403,659</u></u>	<u><u>\$ 251,826</u></u>